FGS

Department of
Foreign Affairs

Irish Aid

Irish Aid
Department of Foreign Affairs
An Roinn Gnóthaí Eachtracha

Management
Review – Final
Report

FGS Consulting

July 2008

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ACCREDITED PRACTICE

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MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

GLOSSARY OF TERMS

Concepts and Terminology

Overseas Development Aid (ODA)

This is the description used for Ireland's total contribution, by all Government Departments, to overseas development assistance. In 2008, the total budget allocation for ODA is €914m.

Irish Aid

Irish Aid is the brand name given to that element of the ODA programme which is funded and delivered through the Department of Foreign Affairs and which, therefore, has the greater level of public recognition. The budget for Irish Aid in 2008 is €814m or the vast bulk of total ODA expenditure by Ireland.

Multilateral Aid Programme

The Multilateral Aid Programme refers to that element of overall Irish Aid which is delivered through the funds, programmes and agencies of the UN, the EU and other global funds and cooperative international aid organisations.

Bilateral Aid Programme

The Bilateral Aid Programme refers to development assistance provided by the Irish Government to partner Governments in recipient countries and/or to civil society organisations (e.g. non-Governmental organisations) working on development programmes and projects.

Emergency and Humanitarian Aid

This refers to aid provided by Ireland in the context of humanitarian crises (e.g. famine) or natural disasters (earthquakes, severe flooding etc).

Civil Society

There are many definitions of civil society. Civil society is seen as the space between the household and state where citizens organise to provide or advocate for services and institutions that the State fails to provide or does not have a responsibility to provide, but which are considered important or necessary by citizens. Various interests and ideologies compete within civil society as they do within all societal institutions. Therefore, civil society is a broad term, encompassing organisations outside the Government sector, including community groups, educational institutions, women's organisations, faith-based organisations, professional associations, trade unions, employers' groups, the media and advocacy groups, all of which may vary hugely in terms of structures and goals.

Abbreviations

ABIA	Advisory Board for Irish Aid
APSO	Agency for Personnel Serving Overseas
CERF	Central Emergency Response Fund (of the UN)
CSF	Civil Society Fund
CSP	Country Strategy Paper
DAC	Development Assistance Committee of the OECD
DCD	Development Cooperation Division (of the Department of Foreign Affairs)
DEAC	Development Education Advisory Committee
DFA	Department of Foreign Affairs
DFID	Department for International Development (UK)
DG	Director General
DDG	Deputy Director General
DS	Development Specialist
EDF	European Development Fund (of the EU)
ERC	Emergency Response Centre
EU	European Union
HQ	Headquarters
IAU	Internal Audit Unit
IDCD	Inter-Departmental Committee on Development
IDCFA	Inter-Departmental Committee on Funding and Approval
IMRS	Irish Missionary Resource Service
ICT	Information and Communications Technology
MAC	Management Advisory Committee of DFA
MAPS	Multi-Annual Programme Scheme
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MIF	Management Information Framework

NGO	Non-Governmental Organisation
ODA	Overseas Development Aid
OECD	Organisation for Economic Cooperation and Development
PAC	Public Accounts Committee
PAEG	Project Appraisal & Evaluation Group
PDS	Principal Development Specialist
PMDS	Performance Management and Development System
SDS	Senior Development Specialist
SIDA	Swedish International Development Cooperation Agency
SMG	Senior Management Group (of DCD)
TAG	Technical Advisory Group
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	UN High Commissioner for Refugees
UNICEF	UN Children's Fund
WHO	World Health Organisation

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APPENDICES

OVERVIEW AND EXECUTIVE SUMMARY

FGS Consulting is pleased to submit herewith its final Report on the outcome of the Management Review of Irish Aid.

The background to, the policy context for and the future strategic direction of Ireland's Overseas Development Aid (ODA) programme is fully articulated in the Government's 2006 White Paper. The purpose of this Management Review, therefore, was not to review the ODA programme, per se, but to examine the governance, management and capacity requirements necessary to ensure quality and accountability in a programme that has grown exponentially in the last three years and which is scheduled to expand further over the period to 2012 in order to achieve the Government's commitment to meeting the UN target of 0.7% of GNP spend on ODA by that date. In effect, this will mean an almost doubling of Ireland's ODA spend over the period 2007 to 2012. The budget allocation for 2008 of some €914m is a strong indicator of Government's commitment to the programme. This currently represents around 0.54% of GNP and is approximately €400m higher than it was in 2005.   At current rates of expansion, Ireland's spend will increase from some €0.5bn in 2005 to some €0.8bn in 2007 to some €1.4bn by 2012, depending on GNP performance over the period.

This large growth in the ODA programme is moving Ireland from being a small player, in relative terms, in the international ODA arena to being a medium-sized donor in the global donor community. This shift in status has significant implications for what is required to deliver a quality programme and gives rise to considerable challenges for Ireland in playing a role commensurate with its status, ameliorating risk and demonstrating value for money, accountability and transparency in how the programme is governed, managed, overseen and delivers its outcomes.

Ireland has a long and proud tradition of overseas development assistance with a particular focus on poverty reduction and on the least developed countries. The official Irish Aid programme has existed in a structured format for some 34 years and for a long period prior to that in a less structured format. Over that lengthy period, the size and content of the programme has constantly changed and evolved. Progressing towards the UN 0.7% target is the next major step change for Ireland's ODA programme. There has always been strong public engagement with the aid programme and a huge level of public support underpinning its growth and development. It will be important to retain that support into the future by ensuring transparency, accountability and value for money, given the very substantial commitment of taxpayers' money to the programme.

Today the 'business' of ODA is very much a global phenomenon. The concentration of the international donor community is heavily oriented towards issues relating to the effectiveness of aid interventions, aid harmonisation, partnership between donors, and partnership between donor countries and recipient countries, policy coherence, concentration of effort on outcomes and risk

amelioration. Ireland is challenged to play its part as a significant player in the overall global aid effort, while maintaining a unique and highly valued "Irish stamp" on its ODA programme.

Ireland's aid programme is highly regarded by fellow donors and by recipient countries and it has consistently performed well in the cyclical OECD Development Assistance Committee (DAC) Peer Review process in that regard. Nothing has emerged in this Management Review process to challenge the high regard and esteem in which Ireland's ODA programme is held. However, as the programme size and content has grown exponentially over the last three years, the nature of the challenges now faced in maintaining that status has shifted in focus and new issues need to be responded to in order to maintain the current high standing of the programme.

International trends, global considerations, the challenges inherent in the White Paper strategy for the programme and the need to ensure quality and accountability will dictate that considerable change is needed to the current arrangements. Our Report details the extensive change management agenda which must be embarked upon and highlights the resource and other implications involved in improving the governance, management, staffing, accountability, risk minimisation and effective delivery of the programme.

The key recommendations arising from this Management Review of Irish Aid (as outlined in detail in this attached Report) can best be summarised under three broad categories as follows:

- ■ **Governance, Institutional Arrangements, Structures and Organisation**

  It is recommended that, on a phased basis, the Irish Aid programme should be more effectively integrated into the mainstream activity of the Department of Foreign Affairs. In order to reflect an enhanced, integrated status for the programme, the title of the Department should be changed to that of the Department of Foreign Affairs and International Development (DFAID). This is a key recommendation arising from the review process and is a logical conclusion from the more specific recommendations on governance, structures, staffing and systems set out in detail in the Report itself. The intent of this core recommendation is to strengthen the focus on the programme as a key element of Irish foreign policy, to provide policy coherence on a whole of Government basis as Ireland progresses to a new status as a medium-sized donor in the global donor community and to ensure that the quality of the programme is maintained in line with global trends and with international best practice. Alternative options based on segregating the programme, either within DFA itself or in an Office or Agency operating under the aegis of DFA, are less likely, in our view, to achieve the desired result.

- ■ **Staffing and Human Resources**

  Recommendations are made to alter the mix of competencies required to deliver the programme in line with emerging trends and requirements and to increase the quantum of human resources devoted to the programme in order to maintain quality, ameliorate risk,

ensure safety and accountability and provide for necessary expansion in line with meeting the UN target. At present, the authorised staffing complement is some 184 posts. During the review process, demands emerged for a 73% increase to 318 posts. In effect, the attached Report recommends 84 additional posts for the programme. In this regard, we are cognisant of the fact that our recommendations on staff numbers will be an input to a process of negotiation and dialogue between the Department of Foreign Affairs and of Finance in a much broader budgetary and estimates framework and context.

■ **Key Systems and Processes**

Recommendations are made to streamline and improve the operation of key systems and processes which support the delivery of the programme. These are aimed at improving efficiency, effectiveness and risk minimisation.

The focus of the recommended changes is very much on governance, management and capacity needs. The nature of the change recommended is part of the ongoing evolutionary path which has characterised the development of Ireland's ODA programme over the years as it responds iteratively to a changing environment. The intent is not to criticise current or past arrangements, which have served the programme well, but rather to recognise that a new response to changed circumstances is now required. The recommended extensive and comprehensive programme of change will need to be phased in over the period ahead as current arrangements are adapted to future needs and in line with the availability of resources to implement the Review outcomes.

The overall intent of the recommendations arising from this Management Review is to ensure that the institutional arrangements, structures, governance, management, staffing, key processes and systems all contribute coherently to an effective Irish Aid programme which:

■ Maintains its current high quality;
■ Ameliorates risk in relation to the spending of large amounts of exchequer funds;
■ Underpins Ireland's role in the global donor community;
■ Reflects international trends and best practice; and
■ Preserves Ireland's unique standing and its value system in delivering its aid programme as well as its individual 'stamp' on the programme.

The FGS Consultancy Team wishes to thank the Steering Committee, the management and staff of the Department of Foreign Affairs, officials of the partner donor organisations in the United Kingdom and in Sweden, officials in the relevant international organisations visited (the United Nations and the OECD), officials and others in the Programme Countries visited (Uganda, Tanzania, Vietnam) and Sierra Leone, those at home and abroad who completed questionnaires, made submissions or who were otherwise consulted as part of the review process. We also wish to thank the associates who worked with us on the Review for their valuable contributions to the review process. Details of all of those who made contributions to the Review are set out in the Report itself.

1   INTRODUCTION

1.1   Background and Terms of Reference

The 2006 White Paper on Irish Aid provides for a Management Review of the Irish Aid Programme to ensure that the governance, management, structures and functions involved can support the future growth of the programme in a manner which ensures quality and accountability. Delivering a high quality aid programme as funding expands towards reaching the UN target of 0.7% of GNP on official aid by 2012 poses enormous challenges, at every level, for the Irish Aid Programme. Against this background, a Steering Committee was appointed by the Secretaries General of the Departments of Finance and of Foreign Affairs to carry out this Management Review of Irish Aid. A list of members of the Steering Committee is given in Appendix A. The Steering Committee was asked:

"*to examine, Report on and make recommendations in relation to the:*

- *systems for selecting, approving, planning, implementing, monitoring, accounting for, auditing and evaluating projects and programmes and providing public information about these;*
- *arrangements to ensure appropriate coordination (including with development partners) and foreign policy coherence;*
- *financial, administrative and management information systems; and*
- *staffing levels necessary to carry out the tasks involved;*

that should be put in place to ensure, as far as possible, the optimal development of Ireland's aid programme to 2012 and beyond to ensure total quality assurance.

Where changes from current systems, practices, etc. are envisaged and intermediate steps are considered necessary to effect them, these steps should be outlined, with a timeline for their implementation."

The preparation of this Report on the Review outcome was undertaken by FGS Consulting and a panel of international experts comprising: Dr. Brendan Walsh (Professor Emeritus of Economics and a Senior Research Fellow at University College Dublin); Dr. Anne Crole-Rees (Crole-Rees Consulting, based in Switzerland) and Brendan Riordan (Director, B Riordan Consulting).

1.2   Review Methodology

The key phases of the study are summarised below. More detailed descriptions of the methodology are provided in individual Sections of this Report as relevant. The key phases were as follows:

- **Desk Review:** As part of this study we undertook an extensive review of relevant literature/Reports. A full list of literature/Reports which were reviewed is included as Appendix B;

- **Submissions:** Submissions were requested from staff representative organisations from the Advisory Board for Irish Aid and from other interested parties. A list of submissions received is set out in Appendix C.

- **Detailed Interviews:** We undertook detailed interviews with the Minister for Foreign Affairs, the Minister of State with special responsibility for Overseas Development, senior management of Irish Aid and the wider Department of Foreign Affairs, staff in other Government Departments, Section Heads in Development Cooperation Division (DCD) of the Department of Foreign Affairs, staff representative groups and representatives from the Non-Governmental Organisations (NGO's). We also held meetings with the Advisory Board for Irish Aid and with the Audit Committee of the Department of Foreign Affairs. A full list of those consulted is included as Appendix D;

- **Field Visits:** Field visits were carried out to four recipient countries – Uganda, Tanzania, Vietnam and Sierra Leone, to two fellow donor countries – the UK's Department for International Development (DFID) and the Swedish International Development Cooperation Agency (SIDA) - as well as to the OECD

  Development Assistance Committee in Paris and to the United Nations in New York. Each of these visits was undertaken by members of the FGS Consulting team and a representative of the Steering Committee. Details of these field visits are included as Appendix E;

- **Focus Groups:** Focus Groups were held with Irish Aid Staff below the Head of Section level in both Dublin and Limerick. In total, 90 people attended these focus groups and further details are given in Appendix F;

- **Questionnaires:** Questionnaires were sent to each of the Irish Aid Missions in the Programme Countries and to the various Headquarters Sections in Dublin and Limerick to gain their input into the study. Details of the questionnaire process are included as Appendix G.

1.3 Review Scope and Report Structure

While the four specific items in the Terms of Reference (TOR), as outlined in Paragraph 1.1 above, implied a certain sequence for addressing the main matters to be reviewed, we found in practice, in conducting the Review, that item 2 (the arrangements to ensure appropriate coordination, including with development partners, and foreign policy coherence) was the central issue to be addressed. In order to address this element of the TOR, it was necessary to consider the overall institutional arrangements, governance, management arrangements, and structures necessary to effectively deliver the programme. In effect, we found that it was only in the context of addressing these matters, in the first instance, could we then bring forward coherent recommendations in relation to staffing needs, systems and processes as required by the Terms of Reference.

Our Report, therefore, on the Review outcome is set out as follows:

- **Section 2** gives a high level overview of the Irish Aid programme and describes the current structures through which it is governed, managed and delivered;
- **Section 3** sets out the evolution of the programme and identifies key future trends to which it must respond;
- **Section 4** sets out our recommendations on an overall future governance, institutional and structural model for delivery of the programme;
- **Section 5** sets out our recommendations on staffing needs;
- **Section 6** deals with our recommendations on key processes and systems;
- **Section 7** sets out our thoughts on implementation.

2 DESCRIPTION OF THE IRISH AID PROGRAMME

2.1 Introduction

In this Section of our Report we set out a high level overview of the Irish Aid programme and we outline the current structures through which it is governed, managed and delivered. In doing so, we give a brief outline of the key issues which this Management Review was required to address.

2.2 Total Overseas Development Assistance Programme

The total overall budgetary allocation to the ODA programme in 2008 is some €914m. Of this total, some €814m will be spent by the Department of Foreign Affairs and it is this element of the overall spend that is branded as the Irish Aid programme. The balance of €100m is spent by a number of other Departments chiefly by the Departments of Finance, Agriculture, Fisheries and Food, Health and Children, Enterprise, Trade and Employment and Justice, Equality and Law Reform mainly through contributions to international organisations such as the World Bank, the World Food Programme etc. This latter form of contributions to the international bodies concerned did not fall within the ambit of this Review. However, it should be noted that overall ODA programme coherence is enhanced by an Inter-Departmental Committee on Development (IDCD) representative of the various Government Departments involved which has recently been put in place.

2.3 The Irish Aid Programme

The Irish Aid programme itself consists of a number of aid modalities the allocations to which in 2008 are set out in the table below.

Figure 2.1: 2008 Allocations to the various aid modalities of Irish Aid (Source: Irish Aid 2007)

SUBHEAD	2008 ALLOCATION (€M)	% OF TOTAL VOTE 29 ALLOCATION
A1/7 – ADMINISTRATION	36	4%
B – BILATERAL AID PROGRAMME	559	69%
C – EMERGENCY HUMANITARIAN ASSISTANCE	90	11%
D – PAYMENTS TO INTERNATIONAL FUNDS	36	4%
E – CONTRIBUTIONS TO UN AND OTHER DEVELOPMENT AGENCIES	93	12%
TOTAL	**814.0**	**100%**

In 2008, as stated above, the Development Cooperation Division (DCD) of the Department of Foreign Affairs received an allocation of €814m for its aid programme through Vote 29 – "International Cooperation" approved by the Oireachtas. As shown in Table 2.1 over two thirds of the funding involved was allocated to the bilateral programme with the multilateral programme accounting for 16%, emergency humanitarian assistance 11% and administration taking up 4% of the allocation.

We outline below, in broad terms, the contents of the Irish Aid programme under each of the major subheads.

Administration

Administration covers the overhead cost of managing and administering the development programme at home and in the Programme Countries and includes the cost of salaries, wages and travel. In 2008 this figure will be €36m. At 4%, this is a relatively low proportion of the overall spend and compares very favourably with international trends and Aid sector norms in that regard.

Bilateral Aid

In 2008, €559m is allocated to bilateral aid. The bilateral programme comprises of support provided by Ireland to partner recipient countries. Bilateral aid is provided through a number of mechanisms, including the following:

- Development support to nine countries designated by Ireland as Programme Countries[1]. Irish Aid Missions are located in these countries and they implement the expenditure of the aid money in line with strategies developed for each country;
- Interventions in other locations such as Sierra Leone, South Africa, the Balkans, Palestine, Liberia and Zimbabwe;
- The provision of money to NGO's and faith-based organisations to support their development efforts. This takes the form of multi-annual funding to larger Irish NGO's such as Concern, Goal and Trócaire as well as annual funding allocations to smaller NGO's;
- Support programmes on cross-cutting issues such as the environment, HIV/AIDS, gender etc;

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[1] The nine Programme Countries are: Ethiopia, Uganda, Tanzania, Malawi, Zambia, Mozambique, Lesotho, Timor Leste and Vietnam.

- Co-financing a number of organisations such as the African Capacity Building Organisation;

- Financing a rapid response initiative to enhance Ireland's response to humanitarian emergencies;

- Funding is also allocated to provide public information on the aid programme including the new Volunteering and Information Centre on O'Connell St. in Dublin.

Emergency Humanitarian Assistance

Ireland's support for humanitarian assistance is designed to provide humanitarian assistance and response to disasters and emergencies as it is required around the world. This includes support to UN Consolidated Appeals, support to the International Red Cross movement and NGOs as well as support to the Central Emergency Response Fund (CERF) of the UN. In 2008, some €90m has been allocated for the above purposes.

Multilateral Assistance

Multilateral aid consists of payments to international organisations and is pooled with contributions from other donors. Some €129m will be spent on multilateral aid in 2008. Ireland contributes to two major multilateral organisations: the European Development Fund (EDF) which is the European Union's major instrument for providing aid to developing countries, and to a number of United Nations funds. Ireland's contributions to the UN cover a broad range of UN activities and are mainly focused on three agencies – the UN Development Programme (UNDP), the UN Children's Fund (UNICEF) and the UN High Commissioner for Refugees (UNHCR). These contributions are directed to the core budgets of the organisations concerned. Provision is also made for smaller contributions to other agencies such as the World Health Organisation (WHO), UNAIDS and UN Volunteers.

2.4　Structures for Delivering the Irish Aid Programme

The Department of Foreign Affairs advises the Minister for Foreign Affairs, the Minister of State for European Affairs, the Minister of State for Overseas Development and the Government on all aspects of foreign policy. The Department comprises 10 Divisions at headquarters and a total of 76 diplomatic and consular offices abroad as well as the British-Irish Intergovernmental Secretariat in Belfast and the North-South Ministerial Council Joint Secretariat in Armagh. The Department is managed by the Secretary General for the Department who is also its Accounting Officer. The current structure of the Department is set out in diagrammatic form below.
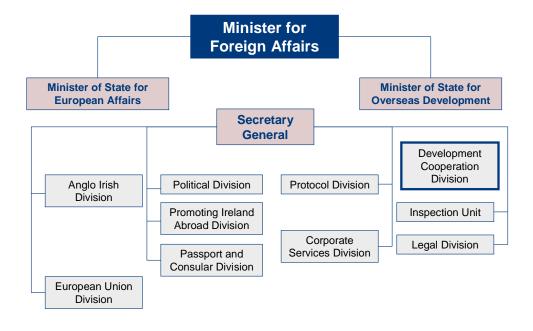
Figure 2.2: Structure of the Department of Foreign Affairs

The Development Cooperation Division (DCD) is the Division of the Department of Foreign Affairs with responsibility for administering Ireland's overseas development assistance programme, or Irish Aid as it is publicly branded and known.

As an integral part of the Department of Foreign Affairs (the Department or DFA) there are close linkages between DCD and other Divisions of the Department. This is especially true of Divisions where close coordination is imperative to ensure the coherence of Ireland's foreign policy (e.g. between the Programme Country Sections in Irish Aid and the Political Division within the Department which provides, inter alia, political analysis to complement the development work in the Programme Countries). Strong linkages are also in place between the Corporate Services Division of the Department and DCD's Corporate Development Section to ensure a consistent policy on issues such as staffing, rotation of human resources and accommodation.

DCD also has a coordinating role in relation to overseas development assistance by other Government Departments.

DCD is headed by a Director General at Assistant Secretary level who reports to the Secretary General of the Department. The Director General is responsible for seven Sections of the Division. A second Assistant Secretary, with the title Deputy Director General, was appointed in 2005 and he has delegated responsibility for the remaining four Sections. There is, in addition, an Advisory Board for Irish Aid which consists of external Ministerial appointees and which reports on aid matters to the Minister and to the Oireachtas. On a day to day basis, each of the DCD Sections is managed by a Head of Section. DCD is structured in line with the focus of its activities, as set out in the organogram below.

Figure 2.3: Structure of Development Cooperation Division

DCD headquarters has an approved staffing complement of 145 posts. These posts are currently split between Dublin (86 posts) and the interim decentralised arrangements in Limerick (59 posts). This profile will change as phased implementation of decentralisation takes place over the coming months. The two Programme Countries Sections account for the

largest cohort of posts at 22 (combined), followed by Civil Society and Technical Sections (20 and 19 posts respectively). Multilateral UN and Multilateral EU Sections are two of the smaller Sections in terms of headcount with 8 and 7 posts respectively. At present, there are a number of Sections already based in Limerick including Corporate Development, Finance & Procurement, Civil Society, Emergency & Recovery and Multilateral UN Section, with the remaining posts scheduled to move to Limerick by September 2008.

Irish Aid staff are also posted to the nine designated Programme Countries in which Irish Aid operates along with two other countries, South Africa and Sierra Leone, to which Ireland makes a substantial development contribution. This staffing is made up of four distinct groups:

- Diplomatic staff – these staff rotate into DCD from the wider Department of Foreign Affairs. In addition to their aid work, they perform the normal management functions within the Embassies;
- General Service staff – these staff are general civil service grades and also rotate into DCD from the wider Department;
- Specialist staff – generally recruited from a specialist, development or NGO background, these staff are assigned to the Technical Section and to the implementation of the Irish Aid programmes and projects within the countries in question;
- Local staff – these staff are recruited locally within the Programme Countries and support the expatriate staff in the overseas Missions in the rollout of Irish Aid programmes and projects.

As of February 2008, there were 39 permanent posts (excluding locally recruited staff) approved for the Irish Aid Missions in the Programme Countries. The Mission in Mozambique has the highest number of posts, 6, with Tanzania and Ethiopia having 5 each. The other Missions were smaller again in scale ranging from 4 in Zambia and Vietnam down to 1 post in Sierra Leone.

Across all of the Programme Countries there are 290 locally recruited staff. About half of these, 146 staff in total, provide ancillary services to the Missions such as security, drivers, domestic staff etc with the remainder supporting the Mission to implement the Irish Aid programme in roles such as Technical Advisers, Accountants and Office Assistants. The numbers of support staff are generally in proportion to the size of the Irish Aid programme in the country concerned. The current arrangements are set out in the organogram below.
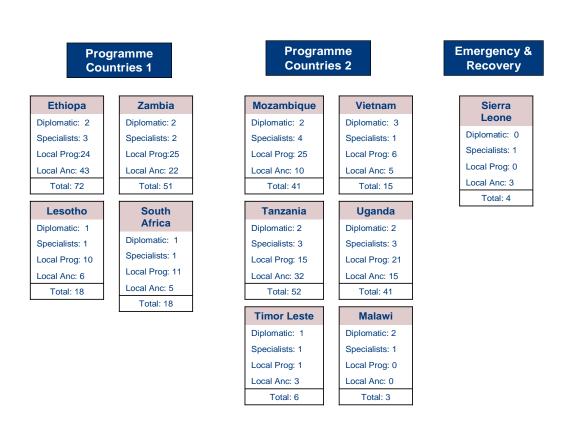
Figure 2.4: Staffing within Irish Aid Missions

Programme Countries 1		Programme Countries 2		Emergency & Recovery

Programme Countries 1

Ethiopa
Diplomatic: 2
Specialists: 3
Local Prog:24
Local Anc: 43
Total: 72

Zambia
Diplomatic: 2
Specialists: 2
Local Prog:25
Local Anc: 22
Total: 51

Lesotho
Diplomatic: 1
Specialists: 1
Local Prog: 10
Local Anc: 6
Total: 18

South Africa
Diplomatic: 1
Specialists: 1
Local Prog: 11
Local Anc: 5
Total: 18

Programme Countries 2

Mozambique
Diplomatic: 2
Specialists: 4
Local Prog: 25
Local Anc: 10
Total: 41

Vietnam
Diplomatic: 3
Specialists: 1
Local Prog: 6
Local Anc: 5
Total: 15

Tanzania
Diplomatic: 2
Specialists: 3
Local Prog: 15
Local Anc: 32
Total: 52

Uganda
Diplomatic: 2
Specialists: 3
Local Prog: 21
Local Anc: 15
Total: 41

Timor Leste
Diplomatic: 1
Specialists: 1
Local Prog: 1
Local Anc: 3
Total: 6

Malawi
Diplomatic: 2
Specialists: 1
Local Prog: 0
Local Anc: 0
Total: 3

Emergency & Recovery

Sierra Leone
Diplomatic: 0
Specialists: 1
Local Prog: 0
Local Anc: 3
Total: 4

2.5 Other Relevant Structural and Organisational Arrangements

The delivery of the Irish Aid programme in the Programme Countries is effected through the Missions in those countries working closely with the relevant DCD HQ Sections. As pointed out, the staff involved (excluding locally recruited staff) form part of the core authorised staffing complement for DCD.

The delivery of the multilateral programme is effected through the DCD HQ Sections which deal with multilateral UN and multilateral EU matters. They are supported by staff in the

Department Missions to the UN and to the EU. The DFA staff in those Missions do not count as part of the authorised staffing complement of DCD.

In both of the foregoing areas, there is a high degree of interaction with other DFA Divisions, especially Political Division and, to a lesser degree, Promoting Ireland Abroad Division.

The corporate services functions are shared between a general DFA Corporate Services Division and a specific DCD Corporate Development Section.

There is a wide variety of advisory structures associated with the programme. These include:

- The Advisory Board for Irish Aid (ABIA) which has functions in relation to policy advice, oversight of the management of the programme and research, and which is supported by a specifically dedicated Section within DCD. ABIA was established on foot of a recommendation of the Irish Aid Review Committee which reported in 2002;

- The Technical Advisory Group which provides expert support and advice on HIV/AIDS and other communicable diseases and which is supported by DCD's Technical Section;

- The Development Forum for the purposes of dialogue with the NGOs and with the missionary community on aid issues;

- The Development Education Advisory Committee which advises on development education issues.

In addition to the above, there are a number of structures which support the decision-making process on allocations to the aid modalities and to the Country Strategy Papers (CSPs). These include the Project Appraisal and Evaluation Group (PAEG) and the Inter-Departmental Committee on Funding and Approval (IDCFA).

A further key element of the overall delivery of the programme is Ireland's participation in the OECD and specifically in the Development Assistance Committee (DAC) of that organisation. In this regard, Ireland has a small permanent Mission to the OECD which coordinates affairs. The DAC carries out cyclical peer group reviews of the aid programmes of member countries including the Irish Aid programme, the last of which was reported upon in 2003. The next scheduled peer group review is due in 2009. In addition, Ireland participates in a "like-minded" donors group working closely, in particular, with the Nordic countries.

2.6   High Level Oversight

Apart from what has already been described, the high level oversight of the programme is achieved through a number of mechanisms as follows:

- The programme comes under the remit of the Minister of Foreign Affairs and also has a Minister of State with responsibility for Overseas Development;
- Oireachtas oversight is achieved through the Joint Oireachtas Committee on Foreign Affairs and through the Public Accounts Committee;
- The Secretary General of DFA is the Accounting Officer, while general management and oversight is undertaken by the Director General and the Deputy Director General both of whom are members of DFA's Management Advisory Committee;
- DCD has a high level Coherence Group which is chaired by the Deputy Director General;
- The DG, Deputy DG and the Section Heads comprise the Senior Management Group (SMG) for Irish Aid and meets regularly for planning, review and control purposes;
- There is an independent Audit Committee whose remit extends to the whole of DFA.

2.7   Other Key Decision-Making Processes

The other main key decision-making processes relevant to this Management Review, having regard to its Terms of Reference, include:

- Country Strategy Papers are produced for each of the Programme Countries and are approved through the PAEG process;
- Funding of the major NGOs is approved through a Multi-Annual Programme Scheme (MAPS) process. This model of support for the major NGOs effectively amounts to a form of budgetary support for these NGOs, based on an approval of submitted multi-annual programmes from them;
- Funding of other NGOs is approved through a similar Civil Society Fund based on applications received and approved ultimately by the Minister of State;
- Funding of the development work of missionary organisations is coordinated through interaction with the Irish Missionary Resource Service (IMRS) in a process which mirrors the MAPS-type approach.

In addition, detailed consultative and approval mechanisms apply to the multilateral programme, contributions to global funds, funding of development education, decisions on emergency assistance and to the wide variety of individual and project-based applications received, including those from the private sector.

Financial and administrative systems are dealt with in more detail later. Suffice it to say, at this stage, that DCD has its own Finance & Procurement Section and that there is a rigorous process of internal checks and controls at Mission level and at HQ level operated primarily through the Management Information Framework (MIF) and through the financial and internal audit systems.

DCD also has an Evaluation & Audit Unit which carries out, directly, in some instances, but mostly through external commissioning, an ongoing programme of evaluation of elements of the Irish Aid programme. Irish Aid also participates in the aid evaluation work of the international organisations of which Ireland is a member (UN, EU and OECD) and the programme as a whole is, as pointed out, evaluated on a cyclical basis by the DAC (OECD).

2.8   Conclusion

This brief overview of the current arrangements is intended to give a high level picture of the existing situation in relation to those matters referred to us for review under the Terms of Reference for this Management Review.

An indication of the complexity of the current arrangements, as described, can be obtained from the summary overview set out below which details the key actors involved in the major functions and processes associated with the governance, management, oversight and delivery of the programme:

Function/Process	Key Actors
Governance/Oversight/ Coordination	- Oireachtas/Oireachtas Committee; - Minister/Minister for State; - Secretary General/Departmental Management Advisory Committee; - Advisory Board for Irish Aid* - Audit Committee; - Inter-Departmental Committee; - Coherence Group.
Accountability	- Public Accounts Committee; - Secretary General; - Director General; - Deputy Director General; - HQ Section Heads; - Heads of Missions abroad.
Delivery	- Department of Foreign Affairs; - Development Cooperation Division; - HQ Sections; - Overseas Missions; - Four staffing streams; - International organisations; - NGOs and not-for-profit organisations; - Private Sector.
Advisory	- Advisory Board for Irish Aid*; - Technical Advisory Group; - Development Forum; - Development Education Advisory Committee.

Function/Process	Key Actors
Funding Allocations	■ Ministerial Decisions; ■ Inter-Departmental Committee on Funding and Approval; ■ Project Appraisal and Evaluation Group (PAEG); ■ Multiannual Programme Scheme (MAPS) Process; ■ Civil Society Fund/Minister of State; ■ Irish Missionary Resource Service (IMRS) Process; ■ Emergency/Humanitarian Assistance;
International Engagement	■ United Nations; ■ European Union; ■ OECD; ■ Geneva-based international organisations; ■ Global funds; ■ Like-minded Donor Group (including UK & Nordic countries).
Audit and Evaluation	■ Advisory Board for Irish Aid*; ■ Audit Committee (DFA); ■ Evaluation Unit; ■ Internal Audit Unit; ■ OECD DAC Peer Review process.
Policy and Planning	■ Management Advisory Committee; ■ DFA Statement of Strategy; ■ White Paper; ■ Irish Aid Operational Plan; ■ Business Plans; ■ Country Strategy Papers (Programme Countries); ■ Plans for cross-cutting thematic issues; ■ Research; ■ Senior Management Group

Function/Process	Key Actors
Internal DFA Interaction	■ Management Advisory Committee; ■ Coherence Group; ■ Political Division; ■ Promoting Ireland Abroad Division; ■ Consular Division:
Staffing	■ Diplomatic grades; ■ General Services grades; ■ Development Specialist/Technical grades; ■ Locally recruited staff (Programme Countries).
Systems	■ Finance; ■ Human Resources; ■ Management Information/Knowledge Management; ■ Information and Communications Technologies.
Locations	■ Dublin; ■ Limerick; ■ Programme Countries; ■ Non-Programme Countries; ■ International organisations (New York, Brussels, Paris, Geneva); ■ Emergency Response Centres (Ireland, Italy and Africa).

The foregoing arrangements, as a high level overview of the current situation, comprise of an extraordinary amount of internal and external interactions which are exceptionally complex and yet vital to the Aid Programme as a whole.

The key issues for the remainder of this Report, therefore, can best be summarised as follows:

- What are the key trends nationally and internationally which will impact on the future requirements of the programme?
- Are the current institutional, governance, structural and organisational arrangements a suitable vehicle to underpin the future development of the programme in line with Government commitments in that regard?
- Are the core systems and processes fit for purpose in the light of future needs and what changes, if any, are necessary to ensure efficiency, effectiveness, accountability and risk amelioration?
- What skills, competencies and staff numbers will be required and what human resource management issues arise?
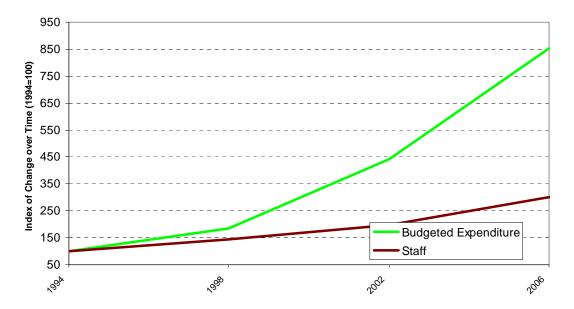
In the remaining Sections of this Report we address ourselves to the specific Terms of Reference for this Management Review, with a particular emphasis on the key questions set out above.

3 EVOLUTION AND FUTURE TRENDS

3.1 Evolution

Ireland has a long and proud history of overseas development aid much of it, in the pre-1970s period, rooted in missionary endeavours and contributions to multilateral organisations. Following accession to the then EEC in 1973, the aid programme developed in a more systematic way and the official designation as Irish Aid occurred in 1974. This was a major watershed. The programme evolved steadily through the 1980s and accelerated quickly in the 1990s. For example, spending on ODA increased substantially from €95.4m in 1994 to €422m in 2002 and to €813.7m in 2006 leading up to the budgeted spend of €914m in 2008. The graph below sets out the rate of growth in the programme in the period compared to a much slower rate of growth in the staff numbers allocated to the programme over the same period. A key issue for this Review, therefore, is the sustainability of the major disconnect between the growth in size and the complexity of the programme and the level of human resources devoted to its delivery.

This evolutionary path for the programme gives rise to the following three important domestic considerations, all of which are fundamental issues in the context of this Review:

■ There has always been a high level of public ownership, engagement, and commitment to the aid programme. Citizen support for the programme, and for the commitment of Exchequer funds to it, has always been a major factor in its growth and evolution. It is of critical importance that the programme continues to enjoy

public support and confidence as Ireland moves towards the achievement of the UN target.

- The relatively high level of expenditure of public monies on the programme dictates that transparency, accountability, and the continuous demonstration of value for money must remain as central values within the programme. In an environment, globally and domestically, where opinions differ radically on what constitutes effective aid, there is even more pressure to ensure that value is demonstrated and that risk is minimised.

- Ireland's aid programme has always been characterised by a mixed aid modality delivery model. The Government's White Paper commits Ireland to continuing on that path. However, over time, shifts in the balance of effort and spending between the modalities of the aid programme are an inevitability. In such circumstances, clarity on the strategy, and in communicating the strategy and its benefits, are critical success factors for the programme.

From an international perspective, not only has the size of the programme steadily increased over the years but its nature, in terms of the number of Programme Countries involved and in terms of aid modalities, has fundamentally altered. The key strategic trends to note in that regard are:

- The increasing global focus on aid in the context of the achievement of the UN Millennium Development Goals (MDGs) for poverty elimination (to which Ireland fully subscribes) and on aid effectiveness;

- The shift within the programme from project and area based supports to assisting national programmes of poverty reduction through general budget support as well as through assistance to sectoral programmes (health, education, environment, agriculture etc), in partnership with recipient countries, and with an emphasis on institutional capacity building in areas such as good governance, accountability, transparency and public sector effectiveness;

- The funding of civil society organisations (both nationally and in the Programme Countries) on a more strategic basis while, at the same time, moving to encourage and support private sector initiatives in the development aid arena.

The above overview of key strategic trends is a simplified version of what has been a very complex journey which has shifted the requirements of the programme in relation to all of the matters referred to us for review. Much of the change which has been absorbed to date has been achieved with a limited increase in staffing resources. Therefore, despite very extensive change, much greater levels of expenditure and a vastly expanded programme, there has been limited additional staffing resources allocated over the last three years.

3.2   Global Considerations and Trends

The major global drivers for ODA programmes, including that operated by Ireland, are the delivery of the Millennium Development Goals (MDGs) as approved by the UN together with the 2005 Paris Declaration on aid harmonisation. The MDGs are as set out below.

MILLENNIUM DEVELOPMENT GOALS

In September 2000, at the UN Millennium Summit, world leaders agreed to a set of timebound and measurable goals and targets to galvanise unprecedented efforts to meet the needs of the world's poorest. The eight Millennium Development Goals (MDGs), which are set to be achieved by the year 2015 and which provide a framework for the entire UN system to work coherently together towards a common end, are as follows:

- **Eradicate extreme poverty & hunger:** Halve the proportion of people living on less that a dollar a day; Halve the proportion of people who suffer from hunger;
- **Achieve universal primary education:** Ensure that all boys and girls complete primary school;
- **Promote gender equality and empower women:** Eliminate gender disparities in primary and secondary education;
- **Reduce child mortality:** Reduce by two-thirds the mortality rate among children under five;
- **Improve maternal health:** Reduce by three-quarters the number of women dying in childbirth;
- **Combat HIV/AIDS, malaria and other diseases:** Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases;
- **Ensure environmental sustainability:** Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources; Halve the proportion of people without access to safe drinking water and basic sanitation; By 2020, achieve significant improvement in the lives of at least 100 million slum dwellers;
- **Develop a global partnership for development:** develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally; Address the needs of least developed countries and landlocked and small island developing states; Deal comprehensively with developing countries' debt problems; Develop decent and productive work for youth; In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries; In cooperation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

The main features of the Paris Declaration are as summarised below.

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PARIS DECLARATION

In March 2005 in Paris, the Governments of 35 donor countries, 56 recipient countries and a number of international organisations committed to a range of measures designed to make aid more effective. The Paris Declaration is considered the roadmap for improving aid effectiveness and contains a number of commitments and indicators including the following:

- **Ownership:** ensuring that recipient countries have authority over their own development policies and planning;
- **Alignment:** ensuring that donors align their assistance with recipient countries' national development strategies and work through their systems;
- **Harmonisation:** ensuring that donors harmonise and plan their activities in ways that maximise overall efficiency and efficacy, for example through common arrangements in planning, funding, monitoring and evaluating development interventions; and
- **Managing for Results**: ensuring that results, not the financial and other inputs, are the basis for measuring whether and how aid works.

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These broad drivers have significantly shifted the paradigm for aid programmes towards partnering with recipient countries, system-wide coherence, harmonisation, aid effectiveness and sustainable development. Effective aid programmes respond to broad principles based on supporting recipient countries in taking ownership of the development agenda, providing budgetary support and thematic/sectoral interventions aimed at achieving effective outcomes in delivering sustainable poverty reduction. At the global level, these drivers have underpinned initiatives towards the 'One UN' concept and system-wide coherence as well as the OECD DAC drive towards donor harmonisation, division of labour and donor partnering arrangements. They have also underpinned collective approaches such as those evidenced in the like-minded donor group of the Nordic countries, and the UK, in which Ireland is a significant participant. Increasingly, therefore, aid effectiveness is seen much more as a whole of Government and as a strategic partnership concept rather than as an isolated activity.

Coherence in the context of the aid programme is a key consideration. The need for coherence arises at multiple levels to include:

- The need to integrate closely with the multilateral aid organisations and, in particular, with the UN, the EU and the OECD as well as with the global funds;

- The need to engage at a high level with recipient countries on a strategic partnership basis in relation to the bilateral programme and on a broad agenda (not just on aid programmes and projects), as well as to engage strategically with fellow donors;

- The need to ensure that aid is delivered coherently having regard to overall foreign policy and to ensure a consistency of approach across related functions in the political sphere and in respect of issues such as security, trade, conflict resolution and other elements of the overall foreign policy agenda;

- The need to coordinate aid interventions on a whole of Government basis such that there is an integrated approach across Departments. This would ensure that there is an effective approach in support of related Government activity in terms of issues such as food, security, trade, monetary support through international agencies, sustainable development and also on key cross-cutting issues such as health, education, gender, environment and other sectoral/thematic supports.

3.3   Current Trends

Over the years there have been a number of clearly discernable trends in relation to the aid modalities which reflect the above context and which include:

- A clear pattern of growth in the multilateral programme both in absolute and in relative terms;
- A significant shift in the bilateral programme to direct Irish Aid to Government systems being increasingly delivered through thematic/sectoral supports and general budget support with the bulk of the project and area-based supports being indirectly delivered through civil society funding, support for the private sector and through humanitarian and emergency relief interventions;
- Movement towards multi-annual and programmatic support for selected NGOs through the MAPS process;
- The emergence of new initiatives on a continuing basis such as, for example, the rapid response capability, the focus on conflict resolution, the extension of the public information, development education and volunteering support functions and funding for private sector initiatives among others;
- Despite, or perhaps more accurately as an integral element of, the foregoing, a continuing large array of individual grant and funding applications have to be processed, approved, monitored, accounted for and evaluated as increased levels of funding becomes available;

- The continuing emergence of significant policy challenges, for example, currently in areas such as sustainable development, environmental, including climate change considerations and the use of the private sector as an aid partner;

- The global developments, trends and considerations referred to earlier in this Report and which include issues such as global aid effectiveness, aid harmonisation, system-wide coherence, a "partnering" as opposed to a "donor" mentality in the delivery of aid to recipient countries, whole of Government type approaches and joined-up thinking and delivery individually and collectively by donor countries.

The international business of development aid is, therefore, a highly complex one. It takes place in a constantly evolving global environment and context. The Irish Aid programme is highly regarded nationally and internationally, is seen to be of high quality and is successfully delivered. However, our belief, emerging from this review process, is that management and staff will, in the context of the greatly expanded budget which has occurred over the last few years, need new human resources as a matter of priority. If these are not provided there will be a staffing and systems support shortfall which will threaten both the quality and the oversight of the programme and which will directly impact on the capacity to ameliorate and minimise risk.

In order to determine the future requirements of the programme, we have had to make a number of assumptions as regards the aid modalities as follows:

- The multilateral programme will continue to grow somewhat both in terms of its importance and in relation to expenditure;

- The budgetary support and thematic/sectoral support elements of the bilateral programme will continue to evolve and develop based on a strategy of widening and deepening Government-to-Government support in 10 Programme Countries and in a multi-donor environment;

Ireland currently has 9 Programme Countries. These are developing countries with which Ireland has long-term partnerships. Irish Aid provides significant and predictable funding over extended periods to assist their development. There is, however, a commitment in the 2006 White Paper to increase the number of Programme Countries to 10.

■ The wide array of project/programme supports provided directly and through civil society, emergency and private sector funding will continue to be a major feature of the programme. It is through these mechanisms that a large element of the "Irish stamp" on the aid programme is fostered and maintained. Our working assumption, in this regard, is that the reputation of the Irish Aid programme into the future should not be built solely on the funding of multilateral organisations and Government-to-Government partnership arrangements with recipient countries while, at the same time, maintaining these as core elements of a coherent and effective aid programme;

■ Policy evolution, innovation, and new delivery challenges will be a constant as the programme as a whole grows towards the UN 0.7% target.

3.4   Implications

The evolutionary path and the current trends, which were clearly visible and articulated to us on our visits to the multilateral organisations, the Programme Countries and to fellow donors, have a number of fundamental implications for this Management Review. Specifically, it seems to us that the critical success factors for the programme into the future will include:

■ Ensuring that the institutional and governance arrangements are such that they reflect the global trends of integration, coherence, harmonisation and whole of Government type approaches to overall global aid effectiveness;

■ Strengthening the capacity to engage with and influence the aid agenda at the level of the multilateral organisations, at OECD level and in relation to the global funds;

■ Matching the quantum and the competency mix of the human resources devoted to the bilateral programme in the Programme Countries to the budgetary support and thematic focus on which the CSPs are now largely based;

■ Ensuring that the skills and competencies exist to be an effective aid partner to recipient Governments and to fellow donors;

■ Maintaining a clear focus on civil society and private sector support within the bilateral programme and recognising the relatively high transaction costs involved in maintaining this valuable dimension of the programme;

■ Investing in relationship building and in public engagement to ensure ongoing support for the programme as it increases in size towards the UN target;

■ Strengthening systems support, financial oversight and evaluation capacity to ensure continued safety, relevance and value for money;

■ Having capacity to absorb new challenges and building skills/competencies in areas such as climate change, the environment, research and development, private sector etc;

■ Keeping the cost of administration under control. At present, at 4%, the cost of administration is very low by international standards and is, for example, well below the 15% norm for overhead spend by charitable organisations operating in the Aid Sector.

It became clear to us in conducting the Review that, having regard to the domestic imperatives, the major national and international trends and the critical success factors, as outlined, the current governance, structures, management, staffing, and systems arrangements are not capable of sustaining the programme as it has evolved nor as it grows further towards the UN target. An extensive programme of change, therefore, will be necessary and we set out our recommendations in that regard in subsequent Sections of this Report.

4 RECOMMENDED FUTURE GOVERNANCE, INSTITUTIONAL AND STRUCTURAL MODEL

4.1 Overview

This Section sets out our recommendations for the future overall governance, institutional and structural model for the Irish Aid programme. It addresses, therefore, inter alia, the issues of institutional arrangements, governance, structures, organisational arrangements and the broad agenda of change which informs our more detailed recommendations on staffing processes, systems, and implementation as outlined in subsequent Sections of this Report.

4.2 Criteria

Before addressing the issue of options as regards an overall model for the delivery of the programme, we believe that it is important to set out the criteria against which any such options should be assessed.
We have, therefore, developed the following criteria for that purpose:

- Capacity to ensure transparency, accountability and risk minimisation;
- Fit with global developments and trends as regards coherence, harmonisation, systemic rationalisation and whole of Government approaches;
- Consistency with the requirements of the specific modalities of the Irish Aid programme;
- Potential to achieve cost control, value for money and to ensure ongoing evaluation and relevance of the programme;
- Ability to ensure effective international, bilateral, fellow donor and public engagement;
- Capacity to adapt to a constantly evolving environment;
- Ability to ensure and maintain programme quality and standing.

The sustainability of current arrangements needs to be benchmarked against each of these criteria as well as using them as a template for screening future options.

4.3 Institutional Options

There are, we believe, three potential broad directions to be pursued in putting in place robust governance and institutional arrangements for the delivery of the programme, as follows:

- **Option 1**: Continue with the current model based on an enhanced and properly resourced DCD operating within the structures of the Department of Foreign Affairs;

■ **Option 2**: Separate the Irish Aid programme into a stand-alone Agency which would operate under the aegis and policy direction of the Department of Foreign Affairs but which would be an independent statutory body with its own identity, governance arrangements, staffing complement, budget etc. Such an Agency could be given responsibility for the operation of the total programme or for parts thereof, e.g. for the bilateral, civil society and emergency response/humanitarian aid elements, with policy and the multilateral programme remaining with DFA;

■ **Option 3**: Integrate the Irish Aid programme more fully into the mainstream functioning of the Department of Foreign Affairs as a key element of overall foreign policy based on a whole of Government approach to delivery of the programme.

The decision as to which broad model to adopt is the critical issue to be decided on foot of this Management Review in that its outcome determines the approach to be adopted in relation to all other aspects of the Terms of Reference in ensuring future capacity to deliver a quality programme with robust accountability.

In determining which direction to pursue there are a number of overarching considerations to be taken into account. These are discussed under appropriate headings below.

4.4 Assessing the Options

Against the above background, we believe that the key considerations in assessing the three broad options as regards the future of the programme include, inter alia, those set out below:

Option 1 – Current Model (enhanced DCD)

Key considerations in relation to the maintenance of the status quo, but with additional human resources and improved processes and systems, include:

■ This is potentially the least disruptive option in that it would largely entail a 'business as usual' approach to the delivery of the programme;

■ Option 1, however, is exposed to the danger of fudging the coherence agenda in programme delivery. Having the aid programme in a separate Division would present considerable challenges for adopting an integrated cross-Departmental coherent approach. There would continue to be difficulties in alignment with Political Division, with engagement across other Divisions in the Department and with the relevant international organisations, with integration with related functions such as conflict resolution, and it would continue to require a division of effort in relation to corporate support services;

- Option 1 would be the most difficult option in terms of successfully implementing the Government decision on decentralisation;

- Option 1 is not, in our view, the optimum approach having regard to the global considerations and trends in relation to integration, harmonisation and the coherence agenda as already outlined;

- Option 1 could be seen as regarding the Irish Aid programme as essentially a discrete activity while having some minimalist elements of integration with the rest of the Department and with other Government Departments. This is not, we believe, an appropriate way in which to view the Aid Programme.

Option 2 – The Agency Model

The considerations which arise in relation to the establishment of a separate Agency to run the programme include the following:

- Option 2 is possibly the cleanest option in that, under new legislation, the aid programme could be separately established and re-located in its entirety to Limerick. However, the very fact that new legislation would be required would be a consideration in itself;

- Option 2 would lend itself to resolving many of the current staffing model problems in that issues relating to streaming, career progression, rotation etc could be overcome through all staff being employees of the Agency and, therefore, moving away from the current civil service grading streams and structures;

- Option 2 would be the easiest option within which to implement decentralisation;

- Option 2 would, however, be the costliest option to implement;

- Option 2 would also be the option most at odds with the overarching global integration, harmonisation and coherence trends and considerations relevant to operating an effective aid programme as outlined earlier;

- Option 2 would likewise raise serious issues given that it would involve removing the aid programme from direct Ministerial and Departmental oversight;

- As is the case with Option 1, Option 2 is, in part, predicated on the concept that the programme is a discrete activity which could operate separately from the rest of the Department and at a remove from other Departments involved in the overall aid agenda.

There are multiple variations on a theme as regards statutory bodies and agencies operating across the Public Sector as a whole. We considered all of the above models which currently exist in this regard and our conclusions, as set out above, apply generally to the various alternatives examined by us.

For example, a variation on the agency model based on the organisation, structure and governance arrangements of the Office of Public Works (OPW) was also considered. The advantages of the OPW model include the long established civil service structure, financial management and audit systems and reporting relationships, staffing arrangements comprising general service, professional and technical grades, a separate Vote and Accounting Officer and statutorily based Ministerial responsibility. However, as this model would not resolve the significant issues of integration and coherence with the wider Department of Foreign Affairs, would probably require legislation and would be costly to operate, it was not developed further.

Option 3 – The Fully Integrated Model

Key considerations which arise as regards Option 3 include the following:

- Option 3 is the option which potentially best fits with the overarching global integration, harmonisation and coherence trends and considerations and which offers the best prospect of adopting an integrated whole of Government approach to an effective aid programme;
- Option 3 could only be implemented on a phased basis and an opportunity to further refine such phased implementation will be provided by the separate review of the functioning of the Department of Foreign Affairs as a whole which is currently being undertaken in order to realign functions on a more effectively integrated basis;
- Option 3 presents the possibility of taking a different cross-Department approach to current staffing difficulties and to devising a more effective means of staff utilisation and deployment having regard to all of the human resources available to the Department of Foreign Affairs;
- Option 3 presents the opportunity to better 'mainstream' the activity associated with the aid programme and to position such activity as one of the key central functions of a reorganised DFA rather than as an activity which operates separately either within DFA structures or in an outside agency;
- Option 3 presents the possibility of taking a more proactive approach to decentralisation based on DFA, as a whole, having two HQ locations (in Dublin and Limerick).

4.5   The Preferred Option

There is no preordained right way to proceed. We know, from the work which we have carried out on international comparators, that effective aid programmes can be run under a variety of institutional arrangements. These range from having a separate Department of State with a separate Minister (e.g. DFID in the UK) to a wide variety of agency-type arrangements in various countries (e.g. SIDA in Sweden). It seems to us, therefore, that the

choice between options should be driven by the political, institutional and machinery of Government considerations which are specific to Ireland and which are designed to achieve the best arrangements for the delivery of a quality, effective and accountable aid programme with a unique "Irish stamp".

Our preferred option is the more effectively integrated model (Option 3). Taking all considerations into account, we believe that the fully integrated route presents the optimum outcome from this Management Review process for the aid programme. In describing below, under appropriate headings, our vision for how the more fully integrated model should be implemented and what its key features would be, we will outline the reasoning behind our choice of Option 3 as the preferred model which best meets the criteria for choosing between options as set out earlier.

In choosing Option 3, we are conscious of the fact that there is a prima facie case for Option 2 – the Agency Model – as a viable alternative. In our view, establishing a separate Agency would be preferable to a continuance of the current model. If, therefore, for whatever reasons, the more fully integrated approach, as recommended, does not find favour, we believe that the fall-back position should be to proceed to establish a separate Agency. Our reasons for dismissing the 'business as usual' approach as the least desirable option will become clear as we outline our vision for the preferred option.

We set out below our vision for the preferred option under appropriate headings of governance and structures, incorporating the revised organisational arrangements, which we believe should apply.

4.6 Governance

We believe that overall direct responsibility for the programme should continue to rest with the Minister and with the Minister of State. We believe that this approach is best suited to ensuring a coherent whole of Government approach to the aid agenda and the best possible aid programme in terms of governance and quality.

In order to highlight this political oversight, and better reflect the enhanced importance of the aid programme in the overall work of the Department, we recommend that the title of the post of the Minister and the title of the Department should be changed to that of the Minister and Department of Foreign Affairs and International Development (DFAID).

While this is a fundamental departure from the existing situation, we believe that this nomenclature will:

- Better reflect the enhanced status of the programme;

- Underpin Ireland's status as a medium-sized donor in the global donor community as we move further towards achieving the UN target;
- Drive the necessary cultural, attitudinal and behaviour change which will be required to ensure a whole of Department approach to programme delivery;
- Ensure integration with other relevant Department functions and Divisions;
- Enhance total Department Senior Management Team engagement with the programme, improve governance (as outlined below) and provide the potential to engage a greater proportion of the total staffing complement of the Department in the delivery of the programme;
- Enable more effective approaches to evolve in developing the programme on a whole of Government basis at Cabinet level and at inter-Departmental level;
- Strengthen Ireland's capacity to influence and engage with the relevant multilateral international organisations, fellow donors and partner Governments in the Programme Countries;
- Infuse the programme, as a key cross-cutting issue, into mainstream Departmental activity;
- Ensure that the delivery mechanism for the programme is the Department as a whole rather than a Division or an Agency of the Department.

In this way, we believe that many of the advantages of setting up a separate Government Department to deliver the aid programme can be achieved without having to create one.

We believe that there is a continuing need for external, expert input to the governance arrangements at an advisory level. Currently, such input is provided by the Advisory Board for Irish Aid (ABIA). However, in our recommended integrated model, the broad mix of executive, advisory and research functions currently assigned to ABIA will represent a future anomaly and its remit in relation to oversight of the management of the programme would be a significant governance contradiction. There are, we believe, more appropriate means under the new arrangements to provide for external advisory input to the programme. The research functions currently assigned to ABIA should be an integral part of the programme itself closely aligned with the evaluation and policy development functions and ABIA's current oversight functions should be discharged through the Secretary General, the Minister/Minister of State and through enhanced Oireachtas oversight and accountability. ABIA has performed a helpful role in the evolution of the programme, particularly in the area of research. However, under the proposed new model, having such a body with management oversight as part of its brief, and having representation of funding recipients in its membership, would not, we believe, be appropriate in a modern good governance context.

External advisory input to the programme should in future be provided by establishing an independent, non-executive expert body. This expert body should carry out periodic external reviews of the programme and report to the Minister and, as required, to the Oireachtas

Committee on the outcome of such reviews. It will be necessary to have clear and precise Terms of Reference for this new body and clarity as to how it is to be comprised (national and international aid experts). The periodic external expert reviews now recommended by us should be scheduled to complement, rather than overlap with, the DAC Peer Review Process.

We understand that consideration is being given to the extension of the title and remit of the Oireachtas Committee on Foreign Affairs to include the aid programme. We fully support this direction and recommend that the apex of the oversight of the programme should be an Oireachtas Committee of this nature operating, of course, in tandem with the Public Accounts Committee.

4.7   Structures

Definitive recommendations on the overall structures appropriate to the fully integrated model will only be possible in the context of a review of the functioning of the Department of Foreign Affairs as a whole. Implementation of the more effectively integrated model will have to be in that context and will, therefore, have to take place on a phased basis over a number of years. However, some immediate structural change should be fast-tracked as an integral element of moving towards the fully integrated model as the preferred outcome from this Review. Key features of the structural change agenda should, we believe, include the following:

- At present the aid programme is headed by a Director General and a Deputy Director General, both at Assistant Secretary level. We do not believe that this anomalous arrangement is appropriate. Given the current size (budget of €814m and growing), complexity and range of functions to be discharged in relation to the aid programme we recommend that the Director General be supported by two Deputies Director General. Our recommendations in this regard are central to the whole risk amelioration agenda. Section 5 addresses this issue in more detail.
- There should be a single corporate services function (Finance, HR, ICT etc) for DFA as a whole thus ending the current arrangement whereby there are separate Corporate Services units in DFA and in DCD.
- We do not favour the continuance of a Technical Section within DCD. The functions involved should be integrated into other functional areas of DCD rather than be discharged through a separate specialist/technical organisational 'silo'.
- The evaluation and internal audit functions should be separated out into discrete organisational units with separate reporting arrangements.
- As per our earlier recommendation, the separate DCD Section currently devoted to ABIA support should be re-integrated into the structure as a first step and should be

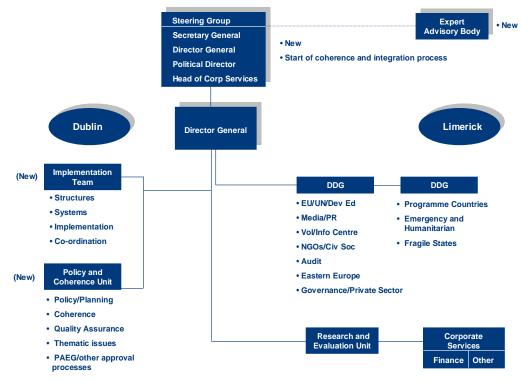used to begin the development of an internal research function aligned with the current evaluation functions.

Other key considerations for short-term changes in the structures which should form part of the separate overall review of DFA functioning to achieve a more fully integrated model will include:

- Moving towards having an integrated approach to multilateral UN and multilateral EU interfaces on an integrated DFA/DCD basis. Current functions in that regard should be merged;
- Aligning the conflict resolution functions of DFA with the aid functions;
- Linking the political and aid functions and re-examining the efficacy of the current Desk Officer structure. This may involve consideration of alternative integrated structures such as, for example, having an Africa Unit or other alternatives to current parallel DFA/DCD structures dealing with Africa. This will also be a key issue for the overall review of DFA.

Movement towards the integrated model should, we believe, as pointed out, occur on a phased basis. The first level of implementation should take place following adoption of the recommendations in this Report. We set out, in the organogram below, our recommendations in that regard for an immediate post Management Review Structure.

IMMEDIATE POST-MANAGEMENT REVIEW STRUCTURE – Phase 1

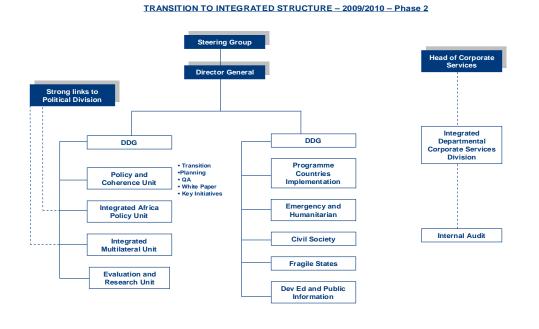The key changes from the existing arrangements are as follows:

- A new Steering Group to provide integrated oversight of the programme comprising the Secretary General of DFA, the Director General of Irish Aid, the Political Director of DFA and the Head of Corporate Services in DFA. This Steering Group should drive the overall integration agenda and should subsume the functions of management oversight currently assigned to ABIA as well as the functions of the Coherence Group;

- The establishment of a new Expert Advisory Body which will subsume ABIA's advisory functions and which will perform the functions outlined under the governance heading earlier in this Section;

- The Director General should be supported by two Deputies Director General;

- A reallocation of functions, as set out above, between two Deputy Director General posts;

- The establishment of an Implementation Team reporting to the Director General to oversee the transition to the new arrangements arising from this Review, including

implementation planning and oversight, ensuring a smooth transition to the new arrangements, embedding the new mainstreaming culture and focus within DFA as a whole and assisting in maintaining continuity during the decentralisation move to Limerick;

■ The setting up of a new Policy and Coherence Section reporting to the Director General carrying out the functions as described above;

■ The separation of the Evaluation and Audit Section into separate units and the establishment of a new Research and Evaluation Section (subsuming the research functions previously assigned to ABIA);

■ The reorganisation of technical functions through the assignment of staff currently deployed in the separate Technical Section into the core Sections delivering the programme (see Section 5 for the proposed reallocation of staff);

■ While located in Limerick, the Research and Evaluation Section and the Corporate Services Section should report to the Director General once the Implementation Team and the Policy and Coherence Unit have been established.

Over the period 2009/2010, further movement towards the integrated model should occur as set out in the organogram below. This will constitute the second phase of evolution to the recommended integrated model.

TRANSITION TO INTEGRATED STRUCTURE – 2009/2010 – Phase 2

The main changes involved in Phase 2 of implementing the integrated model will include:

- Reorganisation of the functions below Director General level into two streams headed at DDG level, one essentially focused on policy and on the multilateral programme and the other focused on delivery of the bilateral programme and associated functions.
- The amalgamation of the Implementation Team and the Policy and Coherence Unit into a single unit. The timing of this amalgamation will be dependent on the rate of completion of discrete implementation and transition tasks commenced in Phase 1.
- The commencement of a process whereby the Policy and Coherence Unit could become a Department-wide Strategy and Policy Unit, ensuring more effective cross-Departmental integration in that regard.
- The establishment of an integrated Africa Unit combining current Political Division and DCD functions in that regard.
- The integration of the current Political and DCD Sections dealing with the multilateral organisations into a single organisational unit.
- The establishment of a single Corporate Services Division, servicing the whole of the Department, and the assignment to it of the reporting arrangements for the internal audit functions currently residing within DCD.

Further phased integration will occur beyond 2010. However, it is not possible to indicate with any degree of certainty what the precise modalities of such further integration will be, pending the changes associated with the alteration in title of the Department and with the outcome of the current separate review of the overall Department as a whole. Given the extensive change management agenda, and the scope of the implementation project which lies ahead, immediate priority needs to be given to putting the short-term post Review arrangements in place and to planning the transition to Phase 2 as outlined above.

The human resource implications of the recommended structural changes are dealt with in more detail in the staffing Section of this Report (Section 5). The key supporting systems and process changes are dealt with in Section 6. An outline approach to implementation and phasing is set out in Section 7.

5   STAFFING AND RELATED MATTERS

5.1   Introduction

The issue of staffing, now and especially into the future, is one of the most critical issues for this Review to address. Staffing of the programme has been a perennial problem area which has taken on additional dimensions due to the decentralisation decision. Issues relating to staffing have been the subject of frequent critical commentary from, for example, ABIA, various internal staffing reviews, external commentaries and, indeed, the last DAC Peer Review undertaken in 2003. During this review process, whereas the Irish Aid programme has in general come in for much praise, the most common element of critical commentary from all stakeholders (external and internal) has been on the staffing arrangements for the programme.

Therefore, before addressing the core issue of the competencies and staff numbers required, there are some major influences on current and future requirements which need to be explored in the first instance. These are dealt with under appropriate headings below.

5.2   Aid Modalities

One of the primary drivers of the staffing requirements for the programme is the mix of aid modalities involved. In 2007, total net expenditure on the programme amounted to some €700m. Of this, some €590m (approximately) was spent on the bilateral programme and some €110m was spent on the multilateral programme. Within the bilateral programme the major breakdown of expenditure categories are as follows:

■ Programme Country CSPs	(€202m approximately)
■ Civil Society	(€125m approximately)
■ Global Programme and other co-financing	(€158m approximately)
■ Humanitarian Aid and Emergency Assistance	(€90m approximately)
■ Public Information and Development Education	(€14m approximately)
■ Other	(€1m approximately)
Total	(€590m approximately)

It is the make up of the mix of modalities which determines a large element of the staffing required to deliver the programme both in terms of the numbers required and the

competencies required. The aid modalities, as previously pointed out, also represent the particular "Irish stamp" on the aid programme.

The 2006 White Paper articulates a continued commitment to a mixed mode of delivery for the programme across the various aid modalities. However, it does not do so in specific terms i.e. it does not indicate what the intention is as regards the proportion of spend between the various modalities into the future.

It seems to us, therefore, that the strategic planning and the business planning processes outlined for the programme need to indicate more clearly the policy intent as regards the direction of the programme with specific reference to the underlying trends to be pursued in three-year cycles, for the mix of modalities and the proportionality between them. In the absence of any indications to the contrary, we base our staffing proposals on the broad proportionality of the modalities remaining as they are for the foreseeable future.

This is an important consideration in determining future staffing needs for the reasons set out below.

The transaction effort and costs vary substantially across the various aid modalities. In broad terms, there is a relatively high effort and transaction cost associated with the bilateral programme when compared to the multilateral programme. Within the bilateral programme itself, heavy effort and transaction costs are associated with the large array of project and programmatic funding associated with the funding of civil society organisations and in relation to humanitarian aid and emergency relief. In this context, transaction effort essentially relates to the activities associated with the receipt of proposals for funding, their examination and approval, their monitoring, oversight and evaluation, their integration into coherent CSPs for the Programme Countries and a wide variety of related matters including financial control.

In addressing the staffing and competency needs of the programme as it grows towards the 0.7% target, our thinking has also been influenced by the following considerations:

- The size and, more particularly, the complexity of the programme is such that it requires additional senior management input. In our view, this is necessary not only in order to secure proper oversight and management of the programme but also to underpin necessary engagement with the hugely complex strategic and policy agenda involved. We recommend that the programme should be headed at a level above Assistant Secretary and for two Assistant Secretary level posts to be assigned to the programme (See Section 5.8 below). In our view, the specific allocation of roles, duties and responsibilities to these senior level posts is a matter which will fall to be addressed by senior Departmental management in the context of the more effectively integrated model for programme delivery now recommended by us. Our

■ recommendations for the framework within which this should occur over the first two phases of migration to the integrated model are contained in Section 4 above.

■ The multilateral programme will require additional human resources to be devoted to engaging with and interacting strategically with the major international organisations and to monitor the increasing spending through these organisations. In this regard, we recommend increased human resources for the relevant headquarters functions and for the Missions to the UN, the EU, the OECD and to the international organisations based in Geneva. While, we believe, that some synergies in that regard will accrue from having integrated units dealing with these organisations in line with our overall integrated model for DFA as a whole, there will still be a requirement to add additional human resources in these areas.

■ There is a shortfall in staffing at headquarters level and in the Programme Countries in relation to civil society, the private sector, emergency and related functions, projects and programmes.

5.3 Competency Requirements

Traditionally, the Irish Aid programme has been delivered by a mix of staffing streams as follows:

■ **Diplomatic staff** through their assignment to DCD and/or through their involvement with the programme as part of their work in relevant overseas Missions;

■ **General service grades** through their assignment to DCD;

■ **Development specialists** through their assignment to DCD and in overseas Missions;

■ **Locally recruited staff** assigned to Missions in the Programme Countries.

In addition, there has been considerable recourse to outsourcing to contracted personnel, especially to support the selection, approval and evaluation processes, and some use of other a-typical staffing arrangements over the years such as secondments, short-term contracts, internships etc.

In our view, the current competency mix is quickly becoming out of line, in a serious manner, with the programme requirements and, consequently, we believe that the whole approach to the staffing and competency needs of the programme will have to change in the context of the more effectively integrated model for its delivery now recommended by us. The main considerations which arise in that regard are set out below.

In this context, we need to deal first with the issue of specialist input to the programme. In an earlier iteration, the Irish Aid programme took over the functions, and a large number of the staff, of the Agency for Personnel Serving Overseas (APSO), which now no longer exists. Allied to the recruitment, in the interim period, of staff with particular technical or specialist skills, this cadre of staff constitutes the development specialist (or technical) stream of staffing within the Aid Programme. Until relatively recent times there has been little cross-over between the streams and an effective dual structure approach has been in operation. Many of the technical staff come from an NGO or development background or from particular professions (e.g. medical).

This dual structure approach, in its current manifestation, will not be suited to the future needs of the programme and will, unless mitigated, be inimical to the general thrust of our overall recommendation for a fully integrated DFA model for delivery of the programme. Our thinking on how matters should evolve in that regard is set out below.

Obviously the programme, as a development aid programme, will continue to require staff who, while working on the programme, have the skills, competencies and other attributes to engage effectively with the development agenda. How this is to be achieved is a key matter for the outcome from this Review process.

The competency requirements for effective delivery of the aid programme have shifted in a very considerable manner away from those necessary to support an area-based, project-driven programme which is where the antecedents of the Irish Aid programme lie and where its current staffing model had its origins.

Key competency requirements for large elements of the programme, on both the multilateral side and on the bilateral side, now include international influencing skills on aid policy evolution, governance, public financial management, decentralisation, societal evolution, economic analysis, partnership, influencing multi-donor agendas, legal requirements, government-to-government dialogue, influencing international organisations and related matters.

In our view, the optimum approach to meeting the needs in this area is to engage the Department of Foreign Affairs as a whole in the delivery of the aid programme under the integrated model recommended by us. The key to successful implementation of our recommended model will be to ensure that:

- The recruitment process for diplomatic and general service grades is such that it attracts and builds the required competency mix in the areas outlined above;

- The induction, training and development programmes of DFA are geared towards continued professional development of all staff in the required areas;
- Deployment, rotation and career progression systems and procedures are built around these requirements on a whole of DFA approach.

In our view the interests of the programme would be best served by the foregoing key competency requirements being met by the recruitment, training and development of all of the staffing streams within Irish Aid. Inherent in our recommendations in this regard is our firm belief that development aid is what DFA does rather than something which is done by a unit separated within the Department or which is delegated to an agency operating under its aegis. Therefore, we believe that it is imperative to engage all of the staffing cadres in the Department as a whole much more extensively in programme planning and implementation.

There will, however, notwithstanding the foregoing, be a continuing requirement for a corps of development specialist staffing. Increased human resources to meet current deficits in that regard will be necessary. The primary requirements in that context will arise in relation to the following areas:

- Support for the major HIV/AIDS and communicable diseases element (€100m) for the programme which is currently significantly under-resourced;
- Inputs to the myriad selection and approval processes for funding especially in relation to CSPs and the project/programme-based civil society funding envelope;
- Expertise in the specific cross-cutting issues and in relation to thematic/sectoral support;
- Building capacity in relation to emerging development themes especially in the areas of environment, sustainable development and climate change;
- Inputs to the coherence, policy advisory, research and evaluation processes.

Key success factors in implementing our recommendations on staffing will be:

- Distributing this corps of development specialist staff across the newly recommended integrated structures rather than deploying them within a separate technical "silo" within DFA on current lines;
- Meeting the additional needs through a combination of recruitment of permanent staff across all staffing streams, secondments from other Government Departments to help strengthen a whole of Government approach in appropriate areas of the programme and short to medium-term contracts to accommodate those wishing to work on the programme but not wishing to become career civil servants (for example as technical advisors);

- Ensuring effective DFA-wide systems for the deployment, rotation and career progression of such staff;

- Exploring the capacity of other Government Departments, and Offices and Agencies of the State and deciding whether and how DCD could utilise any expertise in these Departments/Offices/Agencies which might be beneficial to the Irish Aid programme.

Other areas of future competency requirements are dealt with as they arise, under appropriate headings below. The specific numbers implications of the foregoing considerations are summarised at the end of this Section in our overall numbers recommendations.

5.4 Risk Minimisation

Risk amelioration is another one of the critical issues to be addressed by this Review. One of the major concerns as the programme evolves towards the 0.7% target will be putting in place the necessary competencies, staffing arrangements, systems and procedures to ensure that a programme of that size can be safely and securely delivered in a fully accountable manner with minimal risk in the expenditure of a large amount of taxpayers' funds.

Obviously, there is an element of risk inherent in any development aid programme, given that it will be targeted at the least developed countries, often delivered in fragile and unstable environments and involves the funding of third-parties as an integral element of the delivery mechanisms over which there will be varying degrees of control. However, a framework for controlling/minimising risk is an absolute prerequisite. If the current arrangements continue without significant reinforcement there would, in our view, be an increased level of reputational and financial risk associated with the programme.

We set out below in tabular form our perception of the risk matrix, the issues which arise and the required response in respect of various elements of the risk profile. A key success factor for the future will be building risk assessment and risk amelioration measures into the strategic planning, business planning and reporting systems associated with the programme.

Risk Profile

Risk Category	Issues	Required Response
Ineffective outcomes from the multilateral programme.	■ Ireland's ability to influence policy and targeting of multilateral funds. ■ Ireland's capacity to contribute to the global aid effectiveness and evaluation agenda.	■ Mainstream the programme. ■ Strengthen engagement with multilateral organisations. ■ Beef up contribution to global evaluation effort.
Diversion of multilateral and/or Government-to-Government bilateral funding through corruption.	■ Shared risk with fellow donors. ■ Balance between policy of recipient country 'ownership' and effective monitoring and oversight. ■ Quality of recipient country systems.	■ Ensure competencies for effective oversight. ■ Provide adequate human resources to participate effectively in multi-donor oversight. ■ Collective donor action.
Weak financial control systems in recipient Governments	■ Shared risk with fellow donors. ■ Support for partner Governments in their own efforts at improvements. ■ Cannot take "ownership" of this issue away from partner Governments.	■ Build capacity in public financial management. ■ Support sound financial governance in Programme Countries. ■ Work collectively with fellow donors on recipient country financial systems improvement.
Ineffective outcomes from bilateral programmes.	■ Ireland's ability to work effectively with recipient Governments. ■ Capacity to work with fellow donors. ■ Ability of civil society organisations to deliver in accordance with funding conditions.	■ Ensure competencies for Government and fellow donor engagement exist in Programme Countries. ■ Strengthen planning and evaluation processes. ■ Strengthen oversight of civil society organisations.
Failure of Departmental financial control mechanisms.	■ High level of disbursements. ■ Operations in Ireland and in Programme Countries; ■ Roll out of Management Information Framework and	■ Robust financial systems. ■ Adequate qualified staffing and competencies in central and Programme Country finance functions.

Risk Category	Issues	Required Response
	financial systems software implementation.	■ Robust monitoring and audit process (internal and external)
Failure of financial control systems of funded organisations.	■ High dependence on systems of NGOs and other funded parties. ■ Large amount of funding directed through third parties.	■ Effective monitoring of financial control systems of funded organisations.
Reputational damage through inappropriate behaviour of employees.	■ Geographical dispersal of staff. ■ Working with vulnerable communities and individuals.	■ Robust system of policies and procedures governing behaviour. ■ Compliance monitoring.

Many of the required responses will be strengthened by our overall recommendations on staffing. Risk amelioration is a critical issue for the programme and has been a key determining factor in our overall recommendations on the priority need for an integrated model and for the associated structures and staffing recommendations made by us.

In addition, however, there are a number of specific human resource deficits, central to the risk agenda, which will need to be addressed as the programme grows further. These include:

- The need to devote increased resources to evaluation;
- The need to strengthen the finance function;
- The need to deploy additional staff with the required skills and competencies to the internal audit function;
- The need to deploy staff to the development of policies, procedures and guidelines for staff operating in Programme Countries and to the monitoring of compliance in that regard.

Again, our specific recommendations on staff numbers in relation to the foregoing are summarised at the end of this Section.

5.5 Decentralisation and Rotation

Successful implementation of the overall recommended institutional model for delivery of the Irish Aid programme will be highly dependent on arriving at a satisfactory resolution to the ongoing problems of dealing with the inextricably intertwined issues of decentralisation and staff rotation/mobility. There is no 'silver bullet' solution to the issues involved. The inherent issues here are complex and there is no single, easy solution.

Decentralisation gives rise to a number of key challenges which would be perpetuated in any continuance of the current model for programme delivery. These include:

■ The difficulties of splitting what should be seamless functions within the aid programme between a small core of staff in Dublin and the bulk of the staff located in Limerick;

■ The challenges involved in the assignment of diplomatic staff to the programme because of the complex situation which arises over their careers in terms of rotation to overseas Missions and back to HQ[2]. It would be exceptionally difficult under the current situation to find an acceptable means of rotating such staff on the basis that their tours of duty in Ireland could be either in Dublin or Limerick. Such triangulation on a widespread and ongoing basis may not be sustainable in practical terms;

■ The staff churn and turn-over arising from decentralisation which impacts on corporate memory loss, institutional capacity, loss of some key personnel and their skill/competencies. All of these are critical factors for the delivery of the programme. Since decentralisation of the programme was announced, and since implementation of that decision commenced, in excess of 80% of the staffing complement of DCD has been replaced. Given the scale and complexity of the programme, an ongoing staff churn of this level would not be sustainable.

If the overall business model for the programme does not change, the foregoing factors may contribute to sub-optimal efficiency and effectiveness in programme delivery. Our core recommendations for a more effectively integrated model will ensure implementation of the Government decision on decentralisation while, at the same time, putting in place a more sustainable business model for the programme.

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[2] At present, diplomatic staff rotate between HQ and Missions abroad within a postings framework that is reasonably predictable in terms of location and timescale. The introduction of a second HQ location in Limerick complicates that predictability; officers on posting will have less certainty about their location on return to Ireland. This clearly has implications for staff in planning their lives – homes, schools for children, career options for spouses/partners etc.

In some senses, our overall recommendation for an integrated model for programme delivery will mean that decentralisation will have to be approached in a somewhat different light although the numbers transferring to Limerick will be fully in line with Government targets in that regard. In this regard, it will be clear that the integrated model as recommended changes the paradigm for the programme from one where it is seen as a discrete activity to one where it becomes an integrated, mainstream activity of the Department of Foreign Affairs as a whole, with the consequent opportunity for more flexible approaches to staff deployment.

On balance, however, the detail of how to evolve a different approach to decentralisation will be a significant implementation task rather than something which can be addressed in detail in this Report. The framework within which this process should be addressed and the principles which should apply, are set out by us in this Report.

Equally there is no "magic formula" for resolving the rotation issue for diplomatic staff. However, the integrated model which is based on more widespread engagement of diplomatic staff in programme delivery will present some opportunities for ameliorating the problems associated with rotation. The key principles to be applied in this regard are:

- To obviate the necessity for diplomats to have to opt for a career in 'mainstream diplomacy' or in 'development aid'. These will now, over time, be more effectively integrated. This will give a much wider pool of staff from which to plan career rotations;
- Devising a better overall operational model for the Department of Foreign Affairs utilising its buildings in Dublin and Limerick in line with the principles outlined by us;

On the whole, we believe that the integrated model presents opportunities for implementing decentralisation and planning rotation which are better and more flexible than those arising from the current model.

However, we are conscious that the integrated model is not a panacea for solving the foregoing problems, that difficulties will arise from the decisions already taken and from arrangements already put in place and that our recommendations will not be easy to implement and may require a phased approach. Resolving the staff rotation issue in a sustainable way, therefore, is an issue which will require ongoing management attention.

In fact, if decentralisation, optimum career progression in a seamless structure and staff rotation were the only considerations to be taken into account in this Review, then the Agency model would present the best solution. However, these are not the only considerations nor, indeed, are they the primary considerations (however problematic they may be) to be

addressed. We have, we believe, recommended above a better and more pragmatic way forward, taking all circumstances and considerations into account.

5.6 Other Drivers of Staffing Requirements

There are a number of other key drivers of the overall staffing requirements for the programme which we took into account in arriving at our overall recommendations on staff numbers and competencies. These are outlined below.

The relationship between the size of the programme, in terms of spend and staff numbers, is not a direct one and is complicated by many other factors. In our overseas visits and, particularly, in our benchmarking work in relation to other Government aid organisations, we tried to establish if there was a formula or a template which would relate staffing for the programme as a whole, or in the Programme Country Missions, to budget metrics or other internationally accepted norms. No such standards exist nor are there any useful trends and patterns to be adduced in that regard, given the vastly different machinery of Government frameworks within which aid programmes operate.

Leaving aside, therefore, international comparator models, the evidence which emerged from this review process is that the programme as a whole is currently under-resourced (the detail in relation to which is set out later), that priority, accordingly, needs to be given to getting to a correct human resource level and that, once achieved, such a staffing complement should be able to deliver the programme without the absorption of additional budgetary spend being a high driver of yet further additional human resources. To this extent, we believe that the allocation of additional human resources to the programme will need to be addressed as an issue in itself rather than artificially tied to increases in the aid budget. The issue here is as much, if not more, about current and past under-resourcing as it is about future requirements.

A key issue in relation to the staffing of the Missions in the Programme Countries is, in addition to the budget and to the aid modality mix, the roles to be played by Irish Aid in the multi-donor environment which pertains. In this regard, it would be helpful into the future if the strategy and business plans for the programme set out the policy and directions to be pursued as regards Ireland taking on lead roles, lead sector roles, coordination roles within countries, across themes or on a regional basis etc. No such clarity of intent currently exists. Nonetheless, there needs to be a robust core staffing complement in each Programme Country to fulfil elements of all of these roles and our staffing recommendations take into account our views as regards immediate requirements in that regard. Failure to address this issue will impact on our ability to maximise value for money from the bilateral modality spend.

The issue of future requirements for locally recruited staff is not a straightforward one. We are not at this point suggesting increases in the pool of locally recruited staff available to the

programme. However, this is not a definitive position. Before arriving at conclusions in that regard, the following issues need to be addressed:

- Locally recruited staff issues fall to be considered in the context of aid harmonisation and division of labour in the Programme Countries;
- At present, locally recruited staff, who perform important technical and advisory support roles, have no career development/career progression opportunities. This issue needs to be addressed in order to continue to attract and retain high-calibre local staff. Perhaps this issue could be further looked at on the basis of identifying a broader range of regional and other thematic/sectoral coordination roles as implementation of our overall recommendations on the integrated model proceeds.

Finally, there is a range of additional staffing needs which arise from new or emerging functions. These are dealt with specifically in the summary of recommendations paragraphs and staffing tables which follow below.

5.7   Meeting Future Staffing Needs

Before addressing the issue of specific numbers recommendations, we need to set out a number of key framework considerations relevant to the quantum of human resources required.

We looked at the scope for offsetting some of the demands for additional staffing through productivity and other potential savings (e.g. from systems development etc).

In the first instance, we looked at the range of initiatives already absorbed by the programme without any significant additional human resources being allocated (see graph in Section 3.1). These include:

- Two new aid programmes commenced and Embassies/offices opened in Sierra Leone , Vietnam and Malawi (8 additional posts were approved for Malawi);
- Establishment of the Irish Aid Volunteering and Information Centre in O'Connell Street;
- Establishment and operation of the Rapid Response Initiative including pre-positioning of stocks at the Curragh and at the UN warehouse in Brindisi, Italy; as well as the recruitment, training and deployment of a Corps of the Rapid Response Volunteers;
- Doubling of humanitarian stocks in the warehouses, including a new forward base in Accra, Ghana;

- Delivery of the commitment to provide €100 million a year for HIV/AIDS and other communicable diseases;
- Establishment and servicing of the high level Task Force on Hunger as recommended by the White Paper on Irish Aid;
- New non-resident programmes established in Liberia, Cambodia and Laos;
- Major non-resident humanitarian engagement in Darfur, Sudan;
- Delivery of new private sector initiatives (Private Sector Forum, Traidlinks) as recommended by the White Paper on Irish Aid;
- New engagements in the areas of the environment and climate change;
- Major scaling up of contributions to UN Funds and Programmes;
- Design and delivery of a new scheme for the Third Level Education Sector in development;
- Launch of the new UN Volunteer and schools immersion programmes.

In our view, there is no further redundant capacity within the system from which to meet the additional demands now arising. The available staffing complement has been thoroughly stretched to deliver the additional initiatives outlined. In our view, the systems to ensure the safe, efficient and effective delivery of the programme are now under considerable pressure.

In terms of sourcing the additional human resources recommended by us below, there are obviously a number of potential sources to be considered, as follows:

- The extent to which human resources can be redeployed from elsewhere in the Department of Foreign Affairs. We did not carry out a review of the staffing of DFA as a whole and, therefore, have no means of judging to what extent any potential exists in this regard. In conducting our interviews with senior management, we were assured that there is no potential to redeploy additional staff into the programme from elsewhere without negatively impacting on service capacity in other priority areas of the Department.
- The extent to which human resources could be seconded from other Departments or from elsewhere in the public sector. We believe that this option should be explored for some posts. However, we are unable to say to what extent other Departments would be in a position to second staff with the necessary skills and at the right grade levels to the aid programme for periods of time which would be useful and add value.

We believe that the integrated model will present some opportunities for rationalisation within DFA but we do not expect that there is a huge dividend to be yielded in this regard. We have

no means, because the scope of this Review did not extend to looking at DFA as a whole, of quantifying what contribution such rationalisation might yield.

We have ourselves adjusted our recommended numbers to take account of the offsetting factors recommended by us in relation to systems development, process streamlining and internal rationalisation (within the existing DCD structures).

In prioritising the future staffing levels recommended by us we had regard to the main lessons learnt from the programme of overseas visits. These include:

■ The strong recommendations which we received from the UN, the EU and the Geneva-based multilateral organisations to increase Irish engagement at that level;

■ A similar strong recommendation from OECD to increase the human resources available to engage with them and to contribute to their work at HQ level;

■ The emerging gaps in human resources in the Programme Countries visited;

■ The relative paucity of human resources available to the Irish aid programme relative to those in the UK and Sweden, notwithstanding the differences in scale;

■ The new demands arising from new development issues requiring additional skills and competencies not currently available to the programme.

5.8   Recommendations on Staff Numbers

We wish to emphasise that the costs of staffing resources involved in administering the Irish Aid programme are counted as 'DACable' development assistance and is, therefore, considered to fall inside the OECD DAC guidelines on what qualifies as overseas development aid. Therefore, while our recommendations for additional staff are significant, it must be stressed that *all* of the costs associated with the filling of these posts are allowable programme costs and can be accommodated within the *existing* financial parameters of Vote 29.

Furthermore, filling these recommended posts will not take the overall costs of the administration of the programme outside of the acceptable percentage level for overall programme spend. Indeed, the Irish Aid programme, with the additional staff as recommended on board, would still have a relatively low cost of administration by international standards and sector norms. As set out in Section 2 above, currently Irish Aid's administration costs (which include the costs of salaries, wages and travel) are very low at 4% and this compares favourably with international trends in this regard.

We are also very cognisant of the fact that our recommendations on staff numbers is an input to a process of negotiation and dialogue between the Departments of Foreign Affairs and Finance in a much broader framework and context.

Dealing with the issue of staff numbers for the effective, safe and efficient delivery of the programme is neither an easy nor a straightforward task. As already pointed out, strong feelings regarding inadequacies in the staff numbers available to the programme was a universally prevalent theme in almost all of the consultations undertaken by us in conducting this Review. As well as the internal stakeholders, strong views on staffing inadequacies were voiced to us by the international organisations with which the programme interacts, fellow donors, officials in partner Governments in the Programme Countries, the Advisory Board for Irish Aid and the Audit Committee amongst others. While it is inevitable that any organisational review will almost, by definition, provide a vehicle for concerns about staffing, the extent and the strength of feedback on this issue in relation to the aid programme has, in our experience, been extraordinary and outside of the realms of the normal interchanges on staffing matters common to reviews of this nature.

As part of the review process, we sought information through interviews, questionnaires and other mechanisms from both management and staff on current staffing deficits and we sought quantification of their demands for additional human resources in that regard. There was no great divergence of views between management and staff on the quantum of extra human resources required nor on the priority areas to which they need to be deployed. Against an authorised complement of 145 posts at HQ level and 39 posts in the overseas Missions (i.e. a total of some 184 posts), the total additional demands amounted to 134 extra posts. This level of demand for additional staffing resources (i.e. for an effective 73% increase) is indicative of the widely shared view that the programme is seriously under-resourced in almost all areas of operation.

Our own examination of the situation confirms that there is a significant human resource shortfall. It also confirms that the shortfall exists across all areas of the programme i.e. in the Headquarters Sections and overseas. In our view, the reality of the situation is that the programme is now being delivered in a situation which, primarily due to numbers and key skills deficits, carries an unsustainable degree of risk. Key functions and processes which are central to the management, oversight, control and risk mitigation of the programme are under considerable pressure. In effect, for some time now, the programme has been overly dependent on the extraordinary efforts of a relatively small number of key individuals.

We have concluded, therefore, that significant additional staffing resources are now required. However, we do not subscribe to the view that this should amount to 134 additional posts. Some of the demands for extra staffing resources will be mitigated by adopting the revised structures recommended by us, by changing the business model for programme delivery as

already set out and by the improvement of systems and processes and supports as set out in Section 6 below. This is an important consideration in that we devoted considerable effort in designing the new arrangements to ensuring that additional resources were absolutely necessary and were not being recommended without first ensuring that all available avenues, including improving the use of the MIF and other systems supports, were fully explored by us. Our recommendations for additional staffing resources are set out below under appropriate headings.

As will be clear from those recommendations, the need for additional capacity is essentially focused on the junior (Third Secretary, HEO or Development Specialist) and middle (First Secretary, AP and Senior Development Specialist) management levels. Of the 84 additional posts being recommended, only three are at senior (Counsellor/Principal Development Specialist) and top (Assistant Secretary) management levels.

HEADQUARTERS:

Top Management
We recommend that the post of Director General be upgraded and that he/she be assisted by two Deputies Director General, at Assistant Secretary level. This recommendation is designed to put an effective top management team in place to effectively manage and deliver an already significantly expanded aid programme and one which is scheduled to grow further and indeed effectively double in size over the period ahead.

New HQ Units
Our recommended structure envisages the establishment of two new HQ Units viz an Implementation Team and a Policy and Coherence Unit. We believe that these Units will require to be headed at Principal Officer / Counsellor / Principal Development Specialist level. Two new posts at that level will, therefore, be needed to head these Units.

The units concerned are important elements in the overall structural recommendations made by us in Section 4. These are new functions and, therefore, there is no provision for their staffing within the current structures of the programme.

We believe that the Policy and Coherence Unit is a particularly significant innovation. In our view the staffing of this Unit should comprise of the following posts:

- 1 Assistant Principal/First Secretary post;
- 3 Senior Development Specialists posts;

- 3 Development Specialists posts;
- 3 Higher Executive Officer/Third Secretary posts;
- 2 Executive Officer/Staff Officer posts;
- 1 Clerical Officer post.

Including the Head of Unit posts, the total additional staffing needed to establish this new Unit, therefore, will be 14 posts. The development specialist posts assigned to this area will be posts related to the overall mainstreaming agenda, the public health, food safety, livelihoods, child mortality, private sector and other key thematic and cross-cutting elements of the programme. The administrative posts, in addition to their management roles in the Unit will coordinate essential processes in policy advice, coordination with other Units and drive the strategy and business planning processes. All of the staff in this Unit will contribute to an enhanced focus on quality assurance and on providing key supports to the major selection and approval processes (PAEG, MAPS etc).

We recommend the following staffing levels for the Implementation Team:

- 1 Assistant Principal / First Secretary post;
- 2 Higher Executive Officer / Third Secretary posts;
- 3 Clerical Officer posts.

Including the Head of Unit post, the total additional staffing recommended for the Implementation Team amounts to 7 posts. The Implementation Team has a key role in ensuring smooth implementation of the structural staffing, and systemic recommendations in this Report, in dealing with the coordination of necessary change having regard to decentralisation and most importantly, in ensuring continuity during a period of major change on both fronts (i.e. decentralisation and implementation of the outcomes of this Management Review). The role of this Unit will require significant liaison with the Corporate Services Division in Dublin and the Corporate Development Section in Limerick.

Development Specialists

In addition to the above recommendations, we have identified the following areas in which extra development specialist posts need to be created at Headquarters:

- HIV/AIDS (1 SDS and 2 DS posts). There is an urgent need to strengthen human resources in this critical programme which spends €100m and which currently has only one full-time staff member.
- Health (1 SDS and 1 DS post);

- Environment (1SDS and 1 DS post);
- Climate change (1 SDS and 1 DS post);
- Gender (1 SDS and 1 DS post);
- Private Sector (1 SDS post);
- Education (1 DS post).

There are currently very specific skills and human resource shortfalls in each of the above areas. These thematic and cross-cutting issues are central elements in the overall programme. Our recommendations are based on the fact that, despite their centrality to the programme, there is currently either no, or a very low level of, human resources available for allocation to these important functions. The total additional posts required under this heading amounts to 13.

Professional Posts

There is an urgent and specific need to add particular professional posts to the overall competency mix available to deliver the programme. The main requirements identified by us in this regard are as follows:

- Two Professional Accountant posts for the Finance Unit;
- Two Qualified Auditor posts for Internal Audit;
- Two Economist/Evaluator posts for the Evaluation Unit;
- One HR Specialist and one Training and Development specialist for the HR Unit;
- Two ICT professionals for systems development and support;
- One Procurement Specialist in Corporate Services;
- One Media/PR Specialist, given the need to maintain and enhance public engagement with the programme.

The total additional requirements in these areas amount to 12 posts.

Other HQ Sections

Over and above the requirements already set out, we have identified the following middle management deficits in the remaining HQ Sections:

- Evaluation – 1 post;
- Civil Society – 2 posts;

- Programme Countries – 2 posts;
- Public Information and Development Education – 1 post;
- Emergency and Humanitarian – 1 post;
- Corporate Services – 2 posts.

We identified that a key deficit in these Sections is in the middle to junior management levels. In each case our recommendations are designed to relieve current pressures which are preventing the optimum discharge of the role of these Sections and which are inhibiting appropriate and orderly delegation and management of workloads in each of the Sections concerned. We are reluctant to tie these recommendations to specific grades/staffing streams since we believe that a flexible approach will be needed in meeting the additional requirements identified by us. The total additional junior/middle management needs under this heading amounts to 9 posts.

Clerical Support

There is an overall deficit in clerical support across the programme as a whole. We are prepared to recommend four additional clerical posts to meet urgent needs in that regard.

OVERSEAS:

International Engagement

Ireland's ability to ensure value for money and to leverage its spend on the multilateral programme is hugely dependent on its ability to engage effectively with the relevant international organisations. There is a major deficit in this regard at present. A significant opportunity to exercise influence commensurate with the level of spend on the programme is being missed. We, therefore, recommend the following additional posts:

- Mission to the UN – 2 posts;
- Mission to the EU – 2 posts;
- Mission to the OECD – 2 posts;
- Mission to the Geneva-based organisations – 1 post.

These posts should be assigned to the relevant Missions. In addition, the HQ support to the Missions needs considerable strengthening. An additional 4 posts should be assigned to the multilateral UN and EU Sections at HQ in this regard. Total additional posts under this heading, therefore, amount to 11 posts.

Overseas Missions

We recommend the following additional human resources to strengthen the programme at the level of the overseas Missions:

- Three Regional Coordination Senior Development Specialist posts should be put in place in Sub–Saharan Africa. There is significant potential to improve programme delivery through greater levels of regional planning, coordination and delivery. These regional posts will help bolster the human resources available for the coordination and delivery of the bilateral programmes in Uganda, Tanzania and Mozambique;
- One First Secretary and two Development Specialist posts for Vietnam, South East Asia;
- One First Secretary post for Timor Leste;
- One Third Secretary post and one Development Specialist for Ethiopia;
- One First Secretary post and one Development Specialist post for Sierra Leone/Liberia;
- One Development Specialist post for South Africa;
- One Senior Development Specialist post for Lesotho.

Total recommended additional posts for the overseas Missions, therefore, amounts to 13 posts. This additional allocation will not meet all of the needs in these areas. However, we believe that some of the requirements in relation to the overseas Missions can be met by local recruitment and/or through consultancies.

Summary

Our total additional recommended staffing numbers comes to 84 posts as against a total of some 134 additional posts sought during the review process. Our recommendations are summarised in the table below:

Area of Deficit	Number of Posts Recommended
Top Management	1
Policy and Coherence Unit	14
Implementation Team	7
Overseas Missions	13

Area of Deficit	Number of Posts Recommended
Development Specialists	13
Professional Posts	12
International Engagement	11
HQ Sections	9
Clerical Support	4
Total	**84**

We fully recognise that in exercises of this nature, there is a requirement to be as specific as possible in relation to any recommendations to increase staff numbers by reference to justification, grading and designation. We have, in so far as it is possible, done so in this Section of our Report in reducing the additional human resources sought from 134 extra posts to 84. However, we believe that some flexibility will be needed in terms of any internal discussions within the Department of Foreign Affairs and in any dialogue between DFA management and the Department of Finance on reallocation of posts in meeting the various needs identified and in the context of overall policy on staff rotation.

6 KEY PROCESSES AND SYSTEMS

6.1 Strategic Processes

The integrated model recommended by us will facilitate rationalisation of key processes as regards selection, approval, monitoring and evaluation, as well as the better integration of these processes in the framework of the Department of Foreign Affairs as a whole.

In the first instance, an Operational Plan for the programme needs to be put in place, to give clear effect to the strategy as set out in the White Paper and the Department's Statement of Strategy which, in turn, is clearly linked to the MDGs and to the Paris Declaration. Initially this should be developed specifically for the aid programme, and with a view to it possibly being subsumed into a Department-wide approach.

The Operational Plan (OP) should link planned activities to the high level goals to those of the White Paper and the Strategy of Statement and the high level goals should be linked, in turn, to a series of objectives and actions. The OP should also set out systematically how progress towards the attainment of the objectives will be benchmarked and measured. The first OP will guide the work of Irish Aid up to 2012.

The adoption of the OP will act as a clear guide and strategic focus for the aid programme over the next 5 years or so and against which all the individual programmes can be benchmarked to test relevance, prioritisation and effectiveness.

As the new integrated DFA structure becomes embedded we believe that the following rationalisation can take place:

- The new Steering Group, chaired by the Secretary General, will provide overall Departmental coherence and direction, budgetary oversight and direct reporting to the political level;
- Within DCD, the Senior Management Group (SMG), chaired by the DG, will bring together the Heads of Sections to discuss key policy and financial issues, approve small scale projects and direct specific task groups. This mechanism will direct, focus and rationalise radically the existing nexus of steering groups, approval mechanisms and consultative forums;
- The SMG will examine how best to rationalise and optimise the many small schemes which have great public resonance but which are particularly transaction intensive;

- The Inter-Departmental Committee on Development (IDCD) will address the inter-Departmental coherence agenda. It will be important to ensure high level representation and strong engagement by other Government Departments;
- The Project Appraisal and Evaluation Group (PAEG) will continue to provide the rigorous appraisal (including external appraisal) prior to approval of major programmes through its sub-groups;
- The MAPS (budget support) approach for funding the selected NGOs involved should continue and be extended to a wider number of NGOs once they attain the necessary capacity;
- A MAPS-type approach should be considered for other elements of the programme.

The issue of further delegated authority to Missions should also be considered, in the context of this rationalisation.

6.2 Systems to Review and Approve Funding

The focus on development of internal approval and monitoring systems has been a key feature of Irish Aid's own management activity in recent years. As part of this ongoing process, Irish Aid has instituted a series of procedures for the purpose of reviewing and approving expenditure at all levels. An Inter-Departmental Committee on Funding and Approval (IDCFA) meets annually to consider indicative budgets whilst the Project Appraisal Approval and Evaluation Group (PAEG), chaired at Assistant Secretary level, plays a number of important roles.

Various sub-committees of the PAEG have been vested with responsibility for the appraisal and approval of projects across the full suite of Irish Aid interventions (i.e. Disaster Relief, HIV and AIDS, etc) whilst the PAEG itself examines and approves the following:

- Country Strategy Papers;
- Expenditure in Programme Country budgets;
- Funding of programmes and projects in other areas.

The rigour of the PAEG process, including through its use of highly experienced external appraisers, provides a strong foundation for the transparency and quality of the approval process.

6.3 Monitoring and Evaluation Capacity

Monitoring and Evaluation (M&E) is central to the process of allocating and managing public funds.

In tandem with the increase in funding, Irish Aid's M&E systems have also been scaled-up over time, with a greater focus on clear lines of reporting and on continuous performance measurement (i.e. targets and indicators). It is important that such measurement indicators are reliable and are appropriate to the funds being managed:

- Specific – The indicator should be clearly stated and unambiguous;
- Measurable – It should be possible to measure the indicator;
- Objective – The means by which the indicator is to be measured should be clearly identified.

International monitoring standards have been established by the donor community to guide its evaluation and performance management activity. In line with the commitments made by Irish Aid, and its donor partners, these standards have been adopted as standard practice by the donor community in order to promote harmonization and reduce reporting inefficiencies. The various multilateral and international organisations, through which Irish Aid works, are also subject to these monitoring standards and have well established and well-documented systems for evaluation, audit and financial management and can set targets for their own specific programmes.

In addition, Civil Society Section has sought to establish a more proactive M&E follow-up. As part of the current arrangements, the focus has shifted away from input-output measures and towards impact and outcome measurement. Consequently, outcome and impact indicators are now agreed by each NGO and Irish Aid at the start of each funding cycle and the NGOs are required to report against these indicators. Although the new approach has presented a challenge to the NGOs, it will ultimately provide a higher standard of reporting and impact monitoring than has been the case heretofore.

6.4 Financial Control Systems

We have examined Irish Aid's financial management, control and reporting arrangements. This work was informed by a review of relevant documents provided by Irish Aid, together with consultations with the relevant Section Heads, the Audit Committee and key staff involved.

Overall, we found no significant control weaknesses and the overall financial regime is generally robust.

The major shortcomings are in relation to staffing levels, professional skills and systems support. We have identified additional professional staffing needs in Section 5. The wider systems needs should be addressed in the context of merging the Vote 28 and the Vote 29 Finance Units, which would follow as part of the creation of a single Corporate Services Division as recommended by us.

Our review of the internal audit arrangements within Irish Aid revealed a similar level of concern as to the adequacy of staffing within that area and appropriate recommendations have been made in Section 5 for increasing the professional resources available to this function.

Financial Management and Management Information

The provision of adequate management information, to inform decisions being taken, is essential to the good management of the programme. A further, Irish Aid specific need in this regard is the demand for clear, user-friendly information about how the money is used, which can assist in efforts to inform and engage the public and so underscore the legitimacy of the programme.

Irish Aid has established an overarching financial management information system. This system allows Irish Aid to record and track expenditure over time and by intervention type. Moreover, the system codes all expenditure in line with a coding schedule agreed across the OECD in order to facilitate international comparability. However, as presently constituted, the Management Information System is not delivering the right information to the right people, to meet the needs identified above. This issue largely arises from a deficit in human resources to upgrade the financial systems software, to redesigning information flows and to enhancing the operation of the MIF.

The complexity of the types of payments made is a factor in this situation. Irish Aid has moved towards a programmatic, multi-sectoral response in the case of cross-cutting issues such as gender equality, environment, HIV and AIDS, and governance. In these cases, the response is mainstreamed (i.e. taken into account in the planning, implementation and evaluation of all of interventions). Consequently, expenditure upon such issues is embedded within support to other sectors such as Health and Education and, thus, is not readily identifiable as expenditure discrete to one area of activity.

In the first instance, immediate efforts can be made to improve information retrieval from the existing system and the delivery of this information to desks, to inform decision-making. Further advances in this area can then be examined in the wider context of the merging of the Vote 28 and Vote 29 Finance Units, mentioned above and in the context of increasing the professional accountancy support available.

6.5 Future ICT Direction

At present, the programme has inadequate ICT support relative to its potential use and we believe, therefore, that considerable improvement is needed.

An ICT strategy should be developed which meets Irish Aid's specific needs. Decisions on ICT investment over the coming years will be made with reference to their fit to this strategy.

Irish Aid works closely with similar development agencies and it might be useful for the Department to examine the ICT provisions in these countries, to look at the possibility of sharing or licencing some of their support systems (if appropriate) as well as their overall ICT approach.

In advance of the development and implementation of this strategy, better use could be made of existing systems. There is an immediate requirement to standardise practices in how these systems are used and more training, in particular, on SUN/VISION, may be required.

It would be timely to conduct a reanalysis of DCD requirements and current practices, in particular as regards the financial management package. In the context of a unified corporate services function across the Department and, specifically, a unified financial management function, this analysis must, of course, take account of wider Departmental needs. The outcome of the analysis should not be pre-judged at the outset, in terms of the software solutions that might be available to the problems identified.

DCD needs to actively reduce the reliance on email. The growth in email volumes is limiting accessibility and contributes to information overload for staff. A number of initiatives need to be put in place to achieve this:

- Put in place a working alternative to email. This can be achieved by building efficient shared information networks;

■ When the alternative is in place, there needs to be a series of drives to change user behaviour in how email is used. Top-down directives and bottom-up approaches such as task forces and employee suggestion boxes may be required.

There are a number of other significant priorities to be tackled as regards ICT development:

■ Significant investment is needed in improving communications with and between the overseas Missions. Video conferencing will make a major contribution in this regard and we believe, as evidenced by the systems we have seen working successfully in other donor environments, that a significant investment is needed in such technology which will reap considerable benefits. A comprehensive plan is needed in that regard;

■ A major exercise, either internally undertaken or externally commissioned, is needed on knowledge management - while knowledge management is being advanced across the Department as a whole, DCD need to ensure that their specific needs are taken into account;

■ Improvements in the document and records management system are vital, within the requirements of the relevant legislation.

6.6 Human Resource Management

The HR Function

As discussed previously, HR services are currently provided to DCD from both the Corporate Development Section in DCD and also from the DFA Corporate Services Division. Our findings suggest that this dual approach is not satisfactory; for example, there is a lack of clarity among staff regarding where responsibility for particular matters lies.

The integrated model now recommended will ultimately result in the integration of the DCD HR function into Corporate Services within DFA. This integration will result in some economies of scale in how HR is delivered to the organisation and will eliminate any confusion from a staffing perspective.

There is an immediate need for the development of the HR function servicing DCD, whether from within or from without (i.e. CSD), to ensure that all HR activities from recruitment through to promotion are clearly linked to the overall objectives for the Irish Aid Programme. We recommend that a HR professional be deployed for this purpose.

The proposed integrated model will have implications for HR across the Department as a whole. There will be a need to facilitate both 'vertical' and 'horizontal' strategic alignments.

Horizontal alignment refers to the consistency among the elements of the HR system and vertical refers to the alignment of the HR strategy within DFA with the overall objectives of the Department.

Whilst this consistency of activity is important, it is also important to recognise the uniqueness of working within the development cooperation area and that all staff training including induction training must take this into account. The development component of such training should be comprehensive, from the overall vision as articulated in the White Paper to the experiences of staff in the field.

The overall competency development roadmaps for DFA should include the specific knowledge skills and attributes which have been identified as essential for staff working within the development aid arena. Some examples are public financial management; governance; project management; influencing and negotiation and understanding of the political environment. These competencies can be:

- Acquired: this will mean changing recruitment practices, for example by hiring Third Secretaries with the required competencies;
- Developed: ensuring that existing staff can develop their skills and knowledge in the areas that are deemed key to the organisation;
- A mixture of both (this is our recommendation).

A comprehensive programme of ongoing training and professional development is needed for staff working on the aid programme. We have provided for a Training and Development post to be assigned to coordinate and ensure delivery of this programme in our staffing recommendations.

There are two key HR Systems which underpin the areas mentioned above: the HRIS (PeopleSoft) and PMDS (Performance Management and Development System).

The former is currently being rolled out within the Department but has not been extended to DCD. We have been advised that DCD will be given access once the decentralisation has bedded down. However this access will only apply to absence records for staff. The integrated model will obviate the necessity for this twin track approach.

PMDS has been rolled out across the Department of Foreign Affairs, including DCD. PMDS is an important system for agreeing objectives with staff, evaluating progress and capturing training and development requirements. The competency component of this system allows for the identification of role specific competencies for each individual and for a methodology to agree them. The PMDS system must be capable of ensuring that the development aid

competencies outlined above can be developed within the organisation. At present these competencies, with the exception of 'influencing', are not covered by the PMDS Competency Framework.

The use of these systems across the Department as a whole, including DCD, should become more uniform as the integration of the corporate services function progresses.

6.7 Conclusion

Processes and systems featured strongly in the Terms of Reference for this Management Review. In examining the issues involved, we found that in practice, many of the concerns relating to processes and systems emanate from sub-optimal structures and organisational arrangements and from inadequate staffing resources. Many of the improvements necessary in this area will be brought about by implementation of the specific recommendations set out in this Section of our Report in conjunction with our earlier recommendations on structures, organisational arrangements and staffing.

7. IMPLEMENTATION

7.1 Introduction

The implementation of the recommendations arising from this Management Review will be a significant task in its own right. Implementation will, as we have already stated, require to take place on a phased basis given the nature of the recommendations made. It will also be clear that the nature of some of the recommendations is such that their implementation cannot be effected in isolation and that their advancement towards final implementation can only take place in the context of developments impacting on the Department of Foreign Affairs as a whole. In the overall context of implementation, it should be made clear that the current decentralisation programme schedule will continue as planned. In addition, we are recommending a phased approach to implementation which will enable elements of the total change management agenda arising from this Review to be refined as during the phased roll-out.

7.2 Focus

The major focus of the implementation process needs to be on the achievement of the strategic outcomes arising from the Management Review process. The objectives, therefore, of the implementation process need to be clear from the outset. In our view, the objectives of implementation need to be targeted on the following outcomes:

- Mainstreaming the Irish Aid programme within the overall structures of DFA such that its status is enhanced in line with Ireland's transition from being a relatively small, but important, donor to being a medium-sized donor in the global donor community.
- Integrating the programme in a coherent way into the overall foreign policy milieu such that it can be delivered as a quality Government aid programme driven by the Government's policy objectives and exerting appropriate influence at the domestic inter-Departmental level, at relevant multilateral fora, with fellow donors and with partner Governments in the Programme Countries.
- Resourcing the programme such that it can grow towards the UN target without compromising quality while, at the same time, improving the focus on financial safety, accountability, efficiency, effectiveness and the delivery of value for public money as the total spend increases towards the €1.4bn (in current terms) target.
- Implementing the programme in line with the Government's stated objectives for a mixed modality programme which maintains a strong "Irish stamp" on the Irish Aid programme with the consequent implications of working in partnership with NGOs

and other implementing bodies and parties and supporting the relatively high transaction costs associated with a mixed modality programme of that nature.

■ Managing the transition process such that the extensive programme of change recommended as a result of this Management Review can be implemented in a manner which ensures that the ongoing management, delivery and oversight of the programme, as it currently exists, is not compromised.

There are considerable challenges involved in achieving the foregoing outcomes. These are made more complex by the fact that they will need to be addressed having regard to the fact that certain issues, including structures, staffing, support systems, planning, decentralisation etc are already in the course of change and/or implementation under current arrangements.

7.3 Transition and Implementation

We believe that the magnitude of the transition and implementation phase is such that it will require dedicated human resources to plan and deliver a complex and multifaceted implementation process. We have recommended the establishment of an Implementation Team for this purpose (Section 5). The Implementation Team should, we believe, be established on the following basis:

■ It should report to the Director General.

■ It should comprise a team of people who will be dedicated fulltime to the implementation process over the next two years.

■ It should progress its work through a series of implementation projects (see below) and it should have the ability to co-opt additional team members for each specific project.

The immediate task for the Implementation Team should be to draw up a detailed implementation plan based on the recommendations in this Report. The implementation plan will require that specific projects be set up and delivered as part of the overall progression towards full implementation over the next two years of the recommendations arising from this Management Review.
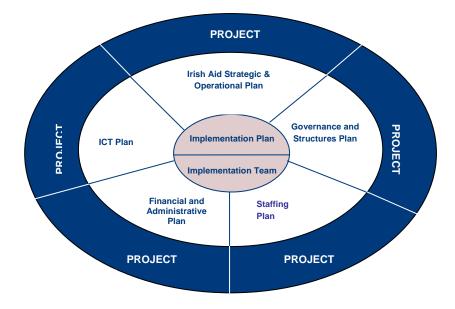
7.4 Implementation Plan

Putting together the implementation plan will be a complex and difficult task. Expert support may be needed in that regard. There are multiple dimensions to be taken into account which include some complex considerations as follows:

- A review of the overall structures of the Department of Foreign Affairs has already commenced and, at an appropriate time, there will need to be a convergence between the outcome from this Management Review and the structural and organisational options coming forward from the review of overall DFA structures.

- The decentralisation process is ongoing and the various steps to decentralise Irish Aid, as it is currently configured, are already in place and are being implemented.

- A draft Operational Plan for the Irish Aid programme already exists but will have to be revisited in the light of the recommendations in this Report. In addition, it will need to be reappraised in terms of fit with the overall Statement of Strategy of the Department having regard to the outcomes from this Review.

- Various initiatives already exist as regards the evolution of systems, financial management, ICT supports etc relevant to the current Irish Aid programme. These will need now to be revisited in the light of our recommendations.

The overall implementation plan, therefore, will have to specify how a number of strongly interlinked projects will be advanced. The various implementation projects are as set out diagrammatically below.

A number of factors need to be taken into account in developing the overall Implementation Plan, as follows:

- The Irish Aid Operational Plan should be immediately finalised and should take into account the issues raised in this Report especially as regards building clear links between the MDGs, the Paris Declaration, the White Paper, the specific intent as regards aid modalities (relativities etc) and the evolution of stronger performance measures and indicators.

- The Governance and Structures Plan should only be advanced in the context of the overall review of DFA. However, the period immediately ahead should be availed of to advance issues relating to parliamentary oversight, dialogue with ABIA, looking at inter-Departmental structures and generally preparing the ground for how the outcome from this Management Review and the outcome from the DFA review can be brought together at an appropriate juncture. Phase 1 of the new arrangements set out in Section 4 should, however, proceed immediately.

- The staffing plan will need to prioritise the coming on stream of additional staffing resources on a front-loaded basis. In the first instance a general manpower and recruitment plan for DFA as a whole needs to be developed which will ensure that the necessary skills, competencies and numbers can be recruited through the various recruitment modes to properly resource the aid programme. In addition, a training and development regime needs to be put in place and rotation will have to be managed on an ongoing basis. Alongside the foregoing, the Implementation Team will need to devote considerable effort to examining the sequence in which additional human resources, within the overall envelope recommended by us, will need to come on stream, the priorities (having regard to our recommendations) for filling positions and the sources from which additional human resources can be recruited (recruitment competitions, redeployment, secondment, contracts, internships/temporary filling etc).

- The financial and administrative plan will need to be closely aligned with the foregoing. However, there are a number of elements which will need to be fast-tracked to include building up staffing in the finance, internal audit, and evaluation and research functions as key short-term requirements.

- The ICT plan needs to push the boundaries in terms of getting quickly to better support the programme in terms of communications support, knowledge management and overall appropriate systems support across the board without becoming too hide-bound by overall Departmental and service-wide considerations.

7.5   Conclusion

Our belief is that the process of implementation will initially extend, at least, over a two-year period. The Implementation Team recommended and the process outlined above will be key determinants of the success of the implementation process as will the concept of advancing the change management agenda as a priority issue on a whole of DFA basis.

APPENDICES

(A)   Composition of the Steering Committee

(B)   List of literature/Reports reviewed

(C)   List of submissions received

(D)   List of Interviewees

(E)   Field visits

(F)   Details of Focus Group meetings

(G)   Details of Questionnaire

APPENDIX A

COMPOSITION OF THE STEERING COMMITTEE

The members of the Management Review of Irish Aid Steering Committee members are as follows:

Frank Murray, Chairman;

Ronan Murphy, Directory General, Irish Aid, Department of Foreign Affairs;

Brendan Rogers*, Deputy Director General, Irish Aid, Department of Foreign Affairs;

Adrian O'Neill, Head of Corporate Services Division, Department of Foreign Affairs;

Eamonn Kearns**, Director, Sectoral Policy Division, Department of Finance.

Notes:

* Brendan Rogers was appointed Director General Designate during the currency of the Review.

** Eamonn Kearns replaced Colm Gallagher and Philip Hamell, also from the Department of Finance, in January 2008.

APPENDIX B

LIST OF LITERATURE/REPORTS RECEIVED

STRATEGY AND POLICY

General:

- DFA Statement of Strategy 2008-2010 ;
- DFA Strategy Statement 2005-2007;
- White Paper on Irish Aid 2006;
- Draft Irish Aid Operational Plan 2008-2012;
- 'Irish Aid: Consolidation & Growth, A Strategy Plan' 1993.

DCD Section Business Plans (2007) for:

- Civil Society Section;
- Corporate Development & Decentralisation Section;
- Emergency and Recovery Section;
- EU Multilateral Section;
- Evaluation & Audit Unit;
- Multilateral UN Section;
- Programme Countries 1;
- Programme Countries 2;
- Technical Section;
- Public Information and Development Education Unit.

Each 2007 Business Plan set out the objectives in the Department's Strategy Statement (2005-2007) that were relevant to the Business Unit concerned, the strategies and actions to be taken by that Business Unit that year in pursuit of this Business Plan and towards achieving the objectives set out therein, the progress of which were measured against appropriate performance indicators.

Annual Reports

- Irish Aid Annual Reports 2003, 2004, 2005 & 2006;
- Advisory Board, Annual Reports 2004, 2005 & 2006;
- DFA Audit Committee, Annual Report 2005.

FINANCIAL INFORMATION

- Irish Aid Financial Policy, Guidelines and Procedures Manual;
- Management Accounts June 2007;
- Irish Aid Budget over the last 5 years;
- Annual Review of Irish Aid Expenditure 2006 including Programme Countries;
- Expenditure Overview 2007 up to June 2007;
- Annual Outputs statements;
- Tanzania Accounts Month end June 2007;
- Budget Revisions January - April 2007;
- Irish Aid and MIF.

MANAGEMENT INFORMATION SYSTEMS

- DFA's ICT Strategy 2007-2010;
- Sun Systems Applications: Sun Systems Information sheets on the services/applications they provide with regard to financials, budgets and forecasting, core functionalities and purchase management. Technical documents;
- Server Systems: Technical Manual on the SQL/Client server;
- Business Intelligence Programmes: Technical documents relating to Business Intelligence Applications including balanced score cards and enterprise planning.

MISSIONS

Documentation received from overseas Missions and Offices are set out in the table below:

MISSIONS	Country Strategy Paper	Business Plan	Organogram	Management Review Questionnaire
Uganda	★	★	★	
Tanzania	★			★
Ethiopia	★	★	★	★
Lesotho	★	★	★	
Mozambique	★			★
Timor Leste	★	★	★	★
Zambia	★	★	★	★
Vietnam	★			★
Sierra Leone	★ (interim)		★	
Malawi				★

■ Responses to Questions re Management Structures and Systems in other Countries (sent to a number of overseas Missions in EU Member States in 2007)

REVIEWS AND EVALUATIONS

- Strategic Framework for Engagement with UN Funds, Programmes and Agencies, Oxford Policy Management, 2007;

- Report for Management on Mapping of Irish Aid Approval Processes, Dalberg, 2007;

- Review of Specialist Support for HIV and Health in Irish Aid and Taoiseach's Initiative, Technical Advisory Group on HIV/AIDS and other Global Communicable Diseases, 2007;

- Centre for Global Development Report, Commitment to Development Index, 2007;

- Review of Staffing Needs of Missions in Programme Countries, Richard Townsend, 2006;

- Communications Strategy for Irish Aid, Drury Report, 2006;

- OECD DAC, UK Peer Review, 2006;

- The Tsunami: Ireland and the Recovery Effort Final Report to the Minister for Foreign Affairs; Chris Flood - Government Special Envoy, 2005;

- DAC Guidelines and Reference Series: Managing Aid - Practices of DAC Member Countries, OECD, 2005;

- Assessment of Current Staffing Levels and Future Requirements at Development Cooperation Ireland Headquarters, 2005 (Second Cassidy Report);

- Review of the Management Needs of the Diplomatic Missions in Sub-Saharan Africa Programme Countries & South Africa, 2004, Stephen Catchpole, Public Administration International;

- Public Expenditure Review of Support to Afghanistan 2000-2003, Irish Aid;

- OECD DAC, Ireland Peer Review 2003;

- Report of the Ireland Aid Review Committee, 2002;

- OECD DAC, Ireland Peer Review, 1999;

- Report on the Management Requirements of Development Cooperation Division, Department of Foreign Affairs, in Relation to the Irish Aid Programme, 1999 (First Cassidy Report).

OTHER GUIDELINES

- The Quigley Report on certain Consultancies and Procurements, 2004;

- Department of Finance Memo on Guidelines arising from the Quigley Report, 2005;

- Irish Aid Procurement Guidelines.

NGOs

- Dóchas Submission to DFA on the Ireland Aid Review, May 2001;
- Dóchas Submission to Development Cooperation Ireland, May 2005;
- Trócaire Annual Review 2006-07;
- SHDI Annual Review and Accounts 2006.

OTHER DOCUMENTATION CONSULTED

- Whither EC Aid? From Accountancy to accountability: towards a new approach for the assessment of development cooperation, Coordinated by Gwénaelle Corre - ECDPM, 2007;
- Press Release on Irish Aid Capacity, Nov 2006;
- Press Release on Decentralisation, Jan 2006.

APPENDIX C

LIST OF SUBMISSIONS RECEIVED

Submissions to the Management Review of Irish Aid were received from:

- The Advisory Board for Irish Aid;
- Dóchas;
- The Dóchas Disability and Development Group: a coalition of national and international NGOs working or interested in the field of disability and development;
- Sightsavers International.

Submissions were also received from the following Staff Unions in Irish Aid:

- IMPACT;
- AHCPS;
- PSEU;
- PSEU (Third Secretary).

APPENDIX D

LIST OF INTERVIEWEES

Dermot Ahern T.D., former Minister for Foreign Affairs

Peter Power T.D., Minister of State for Overseas Development

Michael Kitt T.D., former Minister of State for Overseas Development

Dermot Gallagher, Secretary General, Department of Foreign Affairs (DFA)

Ronan Murphy, Director General, Irish Aid, DFA

Brendan Rogers, Deputy Director General, Irish Aid, DFA

Adrian O'Neill, Head of Corporate Services Division, DFA

Rory Montgomery, Political Director, DFA

Members of the Management Review Steering Committee

Heads of Section of DCD Sections

- Gerry Gervin, Corporate Development & Decentralisation Section;
- Brendan McMahon, Emergency & Recovery Section;
- Tom Sneyd, Multilateral EU Section;
- Feilim McLaughlin, Multilateral UN Section;
- Finbar O'Brien, Evaluation & Audit Unit;
- Tony Cotter, Civil Society Section;
- Sean MacMahon, Programme Countries 1;
- Noel White, Programme Countries 2;
- Vinnie O'Neill, Technical Section;
- Austin Gormley, Public Information & Development Education Unit;
- Mary Sutton, Advisory Board;
- Michael Tiernan, Financial Controller, DCD;
- Brendan Whelan, IT, DCD;
- Breifne O'Reilly, Head of HR Unit, Corporate Services Division, DFA.

Representatives for other Government Departments:

- Kevin Smyth, Department of Finance, Agriculture, Fisheries and Food;
- John Haskins, Department of Justice, Equality & Law Reform;
- Eamonn Kearns, Department of Finance;
- Anne Murray, Department of Education & Science;
- Catherine Bannon, Department of Environment, Heritage & Local Government.

Chris Flood, Chair, Advisory Board for Irish Aid

Technical Advisory Group on Health and HIV/AIDS (DCD)

Divisional Committee on Health and HIV/AIDS (DCD)

Inter-Departmental Committee on Development (DCD)

Project Appraisal & Evaluation Group (DCD)

Internal Coherence Group (DCD)
NGO Representatives:

- Hans Zomer, Dóchas;
- Tom Arnold, Concern;
- Jonathan Egar, GOAL;
- Justin Kilcullen, Trócaire;
- Siobhan Boyle, Christian Aid Ireland;
- Monica Gorman & John Moffett, Self Help Development International;
- Mike Greally, Irish Missionaries Resource Service.

Representatives from IMPACT, AHCPS, PSEU Unions

APPENDIX E

FIELD VISITS

SYNOPSIS OF FIELD VISITS

Introduction

The field visits undertaken as part of this Review process were an important contributor to our thinking and have, where appropriate, informed our findings, conclusions and recommendations as set out in the main body of this Report.

The programme of overseas visits comprised of three elements, as follows:

Country	Date
Embassy of Ireland, Uganda	October 2007
Embassy of Ireland, Tanzania	November 2007
Embassy of Ireland, Vietnam	November 2007
Irish Aid Office, Sierra Leone	November 2007
New York ■ Permanent Mission of Ireland to the United Nations, New York ■ United Nations HQ	November 2007
Paris ■ Permanent Mission of Ireland to the OECD, Paris ■ OECD HQ	November 2007
UK Department for International Development (DFID), London & East Kilbride	November 2007
Swedish International Development Cooperation Agency (SIDA), Stockholm	November 2007

■ Visits to international organisations (the United Nations and the Development Assistance Committee of the OECD);

■ Visits to fellow donors (the UK's Department for International Development (DFID), and the Swedish International Development Cooperation Agency (SIDA);

■ Visits to 3 Programme Countries (Uganda, Tanzania, Vietnam) and 1 Irish Aid Office (Sierra Leone).

In the paragraphs which follow, we summarise the main relevant issues, under appropriate headings, which informed our deliberations.

Visits to International Organisations

The common themes to emerge from our visits to the UN and to the OECD included:

- Strong feedback that Ireland was not in a position to engage sufficiently with them, or to participate/influence directions and policies being pursued, due to a lack of staff on the ground in both New York and Paris.

- A constant emphasis on the fact that whereas Ireland may, in the past, have been seen as "punching above its weight" on international aid issues, it was now perceived as "punching below its weight" relative to its emerging status as a medium-sized donor country.

- Consistent feedback from both organisations, and from other national delegations to both organisations that there was a huge appetite to see greater involvement from Ireland given its long-standing involvement in the field and its expertise on development issues.

- Our own observations and Review of the staffing arrangements in both Irish Missions confirmed the view that both are understaffed relative to what is required for Ireland to play a role commensurate with the size and status of its aid programme.

- Both organisations were of the view that Ireland had specific skills and competencies which they would utilise better if they were available to them.

- A strong overall sense that Ireland was missing out on significant networking, alliance building and influencing opportunities in both the UN and in the OECD.

Visits to Fellow Donor Countries

The main areas of interest to emerge from the visits to fellow donors were:

- Notwithstanding the relative size of the respective programmes, it was very clear that both DFID and SIDA were significantly better resourced, from both a staffing and a systems viewpoint, than is the case in relation to the Irish Aid programme.

- Both DFID and SIDA have invested highly in systems support (video conferencing, financial systems, HR systems, knowledge management etc) and at a level which is extensively beyond what has happened to date in Ireland.

- DFID is partly decentralised with operations in London and in East Kilbride in Scotland. There is no indication that DFID will fully decentralise to Scotland and, indeed, we obtained strong feedback to the effect that full decentralisation would not be in the best interests of the programme, given the need for close interaction with the Foreign & Commonwealth Office and with other Government Departments and Embassies based in London.

■ When we looked at DFID, which is a separate Department of State, and SIDA, which is an agency of the relevant Ministry in Stockholm, it became clear that effective aid programmes can, in fact, be delivered through a variety of institutional and governance models. However, it was also clear that both organisations saw their arrangements as being suited to the history, tradition, administrative systems and overall machinery of Government considerations relevant to their own countries. Parliamentary and public accountability were, however, stressed as key considerations by both. For example, in the case of SIDA, although it is an agency, its Head reports directly to Parliament. Both organisations advised us to adopt an arrangement in Ireland suited to its administrative machinery and to its particular aid programme.

VISITS TO PROGRAMME COUNTRIES

This following is a synopsis of the findings from the field visits by the Management Review team to Uganda, Tanzania, Vietnam and Sierra Leone between November-December 2007.

Features of Aid Programmes in Countries Visited

In each of the countries Irish Aid operates in a multi-donor environment i.e. Ireland is not the sole donor to the country but acts alongside other donors such as the US, other European countries such as the UK, Sweden, Denmark, the World Bank and UN agencies. In order to improve the effectiveness of their aid efforts and to reduce the burden on the recipient Government these donors work together both in terms of pooling a substantial proportion of their financial resources and to present a single point of view to the host Government as being "the view of the donors". Several of the Programme Countries have joint strategies with the Governments concerned, such as the Joint Assistance Strategy (JAST) in Tanzania, which adds structure to donor-recipient interactions.

The type of support given by the donor community is also evolving. Historically, donors would have supported individual projects in countries. However, the move towards donor coordination, a policy of partnership with existing Governmental policies and strategies allied with the increasing confidence in the capacity of recipient Governments to manage the money has led to a move towards supporting the general budget of Governments. This policy is akin to the EU structural funds which flowed into Ireland since accession in the early 1970's. Support is also given to specific sectors such as the health or education sectors by a number of donors who put money into a 'basket fund' which is then spent against the health budget of the country in question. Clearly, all of this money impacts at the macro-level and a small number of projects are carried out at the regional level or even as small projects in order to ensure that the money put into the system at sectoral and general budget levels are reflected in advances in the general population.

Consequences of the Changing Structure of Programmes for Irish Aid

This movement towards multi-donor environments and the use of pooled money to support development in countries has a number of implications for Ireland's aid programme. As part of a donor community supporting agreed national development strategies the ability of Ireland to influence and contribute to policy formulation becomes increasingly important. In each of the countries visited Ireland was a relatively small contributor to the finances of the developing country concerned (for example, the current Irish Aid budget for Vietnam represents less than 1% of the $3bn the country receives in foreign assistance from all sources. As a result, even with the envisaged increase in funding Ireland cannot 'buy' influence due to the size of its contribution but rather Ireland will have to ensure that its representatives are equipped with the necessary skills of influencing, negotiation, policy analysis to enable Ireland to positively influence policy in the Programme Countries.

Increasing coordination between donors has the side-effect of reducing the visibility of the Irish aid effort. All of the Programme Countries retain an element of project based assistance but this is likely to be a minor element of the money spent by Irish Aid. In the future, it is possible that the donor harmonisation and coordination agenda could be taken to its logical conclusion which would be a single presence representing all of the donors in each country. While this situation is unlikely in the short to medium term it provides an insight into the environment in which Irish Aid is currently operating in its Programme Countries.

Issues for Irish Aid arising from Visits to Programme Countries

Several considerations were common to all of the Programme Countries visited and these are discussed below under each point of the Terms of Reference.

Processes

- **Communication with HQ:** Each Mission visited felt that they suffered from a lack of communication with HQ. This was especially true in terms of technical advice on issues such as HIV/AIDS or governance where advice was often felt not to be timely or of sufficient depth/quality to meet the needs of the Mission;

- **Confusion around role of Corporate Services:** Within the Missions there was a general confusion as to the roles and responsibilities of Corporate Development Section in Irish Aid and the Corporate Services Division in the Department. Relevant staff were unsure which Section had responsibility for issues such as HR, staffing etc. and this caused delays in getting issues resolved.

Coherence

■ **Disquiet around the split between Diplomatic and Development Staff:** In several Missions there was disquiet as to the perceived difference between Diplomatic and Development staff in terms of allowances and management roles. The recent agreement with IMPACT now provides a basis on which a number of these issues can be addressed.

Systems

■ **Knowledge Management:** No knowledge management system was in place in the Missions to share developmental best practice.

■ **Communications Systems:** There was no video-conferencing system in place between the Missions and this limited the interaction between the Missions and with HQ.

Staffing

■ **Staff Rotation:** In several Missions the rotation of specialist staff created major difficulties in ensuring that corporate memory is retained;

■ **Skills Gaps:** Donor coordination places an emphasis on staff within programmes to have skills in areas such as negotiation, influencing, chairing meetings etc. These skills are not necessarily in place within the cadre currently in the Missions. The movement towards general budget support requires skills such as economists and public financial management. These skills are in short supply in the Missions and this limits the influence that Ireland an bring to bear on GBS discussions;

■ **Training:** Allied with the previous point on skills gaps is the issue of training. There was no evidence of structured training programmes in place to try and address these skills gaps. Where training had taken place it was on an ad-hoc basis and driven by the individual. Time pressures often made it difficult to find time to engage in any training;

■ **Constraints in Staff Capacity:** In each of the Missions visited it was evident that the staff was working at full capacity with little time for planning and managing their work. Each Mission had put in place mechanisms to try and reduce this burden but there was heavy workload on staff. This situation is exacerbated when Ireland takes on the role of representing the donors in Governmental discussions (as Ireland will be expected to do in sectors where it contributes money e.g. in Tanzania where Ireland is currently representing donors in the health sector). In this situation, which can happen once every 3-4 years per sector depending

on the number of donors in the sector, the role can take up 75-80% of a Development Specialists time and clearly has a knock-on effect on the rest of the programme;

- **Career Progression for Local Staff:** Local staff account for the majority of the staff employed in the Missions; however there is no defined career path for them. This has led to a feeling of disconnection from the programme on behalf of the local staff.

APPENDIX F

DETAILS OF FOCUS GROUP MEETINGS

Focus Groups were held in Dublin and Limerick in the 3rd quarter of 2007 where all DCD staff below Head of Section level were invited to attend. The sessions took place over three days and were attended by over 90 staff with each Focus Groups lasting approximately 3 hours. The aim of these Focus Groups was to engage staff in the Review process and ensure that input was received from all levels in the organisation. These Focus Groups were facilitated by senior members of the Review team from FGS Consulting.

The discussion dealt with each of the points of the Terms of Reference in turn. Participants were asked to outline their opinion on current difficulties/gaps in the area under discussion. The Focus Group then explored why these problems needed to be resolved and participants were asked to provide solutions to the identified problems.

Each of the focus groups followed the format outlined below.

1.	**Introduction by Consultants**
	▪ Format of Focus Group
	▪ 'Rules' of Focus Group
	▪ Purpose of Focus Group
2.	**Discussion of Existing Systems and Processes**
	▪ Selecting and approving projects
	▪ Planning and implementing projects
	▪ Auditing and evaluating projects
	▪ Provision of public information
3.	**Discussion on arrangements to ensure Co-ordination and Coherence**
	▪ Internal Coordination
	▪ External Coherence
4.	**Discussion on Support Systems and Processes**
	▪ Administrative Systems
	▪ Financial Systems
	▪ Management Information Systems
5.	**Discussion on Human Resource Issues**
	▪ Staffing Levels
	▪ Competency Requirements and Development
	▪ Role of Local Staff
	▪

6.	**Wrap-Up**
	▪ Outline of next steps in Review process ▪ Thank You to Participants

APPENDIX G

DETAILS OF QUESTIONNAIRES

As part of the review process two structured Management Review questionnaires were developed by the project team. One was sent via sent via e-mail to all nine Irish Aid Missions (including to Missions that had been visited by members of the Review team for reasons of completeness of information) while the other was sent via e-mail to each of the ten Section Heads within Irish Aid.

Completed questionnaires were received from seven Missions, a response rate of 70%, while responses were received from each Section 100%.

The structured questionnaire focused on a number of key issues:

■ Systems and Supports (i.e. financial, administrative, ICT and MIS systems)
  ▪ Assessment of key deficits in the area;
  ▪ Ideas for change in these and;
  ▪ Rationale for the proposed change.

■ Staffing Levels
  ▪ Projected requirements for staff by grade;
  ▪ Rationale for this changed staffing requirement.

■ Skill Competencies
  ▪ An assessment of the skill competencies required to perform the function of the Mission/Section;
  ▪ Identification of the gaps in skills competencies within the Section/Mission;
  ▪ The numbers of staff required with the identified skills/competency.

■ A freetext space was provided for additional comments to be entered by the Mission/Section

The information received from these questionnaires was used to support development of the recommendations on systems and supports, staffing levels and competency requirements and was, therefore, a key component of the overall Review process.